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Exhibit 456B

Minutes of the
HDMA Executive Committee Meeting

J.W. Marriott Desert Ridge
Scottsdale, Arizona

June 1, 2014

ATTENDANCE:

ATTENDEES

HDMA Executive Committee Members Present:

Dave Neu (Chair)	Sr. Vice President and President, AmerisourceBergen Drug Corp.
John Gray	HDMA President & CEO
Ken Couch	President, Smith Drug Company, Div. J.M. Smith Company
Mike Kaufmann (by conference call)	CEO, Pharmaceutical Segment, Cardinal Health, Inc.
David Moody	CEO, Mutual Wholesale Drug Company
Dale Smith	Chairman and CEO, H.D. Smith
Mark Walchirk (by conference call)	President, U.S. Pharmaceutical, McKesson Corporation

HDMA Executive Committee Members Absent:

Ted Scherr (Vice Chair)	President & CEO, Dakota Drug, Inc.

HDMA and Center for Healthcare Supply Chain Research (CHSCR) Staff Present:

Ann Bittman	Executive Vice President & COO
Anita Ducca	Vice President, Regulatory Affairs
Perry Fri	Executive Vice President, Industry Relations, Membership & Education
Liz Gallenagh, Esq.	Sr. Vice President, Government Affairs and General Counsel
Patrick Kelly	Executive Vice President, Government Affairs
John Parker	Sr. Vice President, Communications
Karen Ribler	Executive Vice President & COO, CHSCR

Legal Counsel:

Richard L. Frank, Esq.	Olsson Frank Weeda Terman Matz PC

PROCEEDINGS

I. **WELCOME AND ADMINISTRATIVE MATTERS.** Chairman Dave Neu (AmerisourceBergen Drug Corp.) called the meeting to order at 11:00 a.m., and welcomed all attendees to the Business and Leadership Conference. Mr. Neu previewed the agenda, highlighting discussions on implementation of the Drug Supply Chain Security Act (DSCSA) and drug abuse and diversion.

A. **Antitrust Policy Review (Executive Committee Materials, Page 12).** Counsel Richard L. Frank (OFW Law, HDMA outside counsel) reminded the Executive Committee of HDMA's unqualified policy of strict compliance with both federal and state antitrust laws. He noted that the agenda and background materials had been reviewed in advance and raised no competitive concerns. He stated that he will monitor the meeting and, if necessary and appropriate, interrupt proceedings if topics or conversations raised concerns regarding antitrust compliance.

B. **Approval of Prior Meeting Minutes (Executive Committee Materials, Pages 6-11).** Mr. Frank drew the Executive Committee's attention to the minutes of the February 27, 2014 Executive Committee meeting in McLean, Virginia (The Ritz Carlton).

Action: On motion duly made and seconded, the minutes of the February 27, 2014 Executive Committee meeting were approved.

C. **Legal Issues Update (Executive Committee Materials, Pages 13-16).** Counsel Frank (OFW Law) presented the Legal Issues Update.

1. Implementation of DSCSA. Government Affairs staff and outside counsel are working on a variety of rulemaking initiatives to implement the DSCSA. A full report will be provided by Patrick Kelly (HDMA Executive Vice President, Government Affairs).

2. United States Pharmacopeia (USP). USP issued a draft document entitled, "Good Distribution Practices," which includes draft chapters on distribution practices, environmental controls, quality systems, and supply chain integrity and security. HDMA members have serious concerns about the USP initiative, given the lack of consistency with DSCSA requirements. Mr. Kelly reported that HDMA has sent a letter to USP's new CEO, Ronald T. Piervincenzi, Ph.D., expressing concern and asking for a meeting.

3. *U.S. ex rel. Streck v. Allergan, Inc., et al.* Discovery in the case is closing with several defendants settling and a briefing schedule and trial set for the two remaining defendants, Genzyme and Biogen Idec. OFW Law negotiated a limited document request to satisfy the subpoena; documents have been produced and Counsel Frank indicated that he did not anticipate any further demands on HDMA. Briefing is scheduled for December 2014, with a trial date set for March 16, 2015.

4. Hydrocodone rescheduling. Counsel Frank reported that the Drug Enforcement Administration (DEA), acting upon a recommendation from HHS, has proposed to "upschedule" hydrocodone combination drug products from Schedule III to Schedule II. HDMA, in close consultation with members and outside counsel, filed extensive comments on the proposed rule requesting a 12 to 24-month implementation period for meeting the heightened physical security requirements. Mr. Kelly reported that with over 500 comments filed, it was likely it would take up to a year for DEA to analyze the docket and issue a final rule.

5. Federal Trade Commission (FTC) actions against trade associations. In May 2014, the FTC Bureau of Competition posted a blog entry discussing the agency's ongoing attention to trade associations. While recognizing that trade associations undertake many useful and pro-competitive activities, FTC staff emphasized that associations and their members must not limit the ability of members to offer products and services competitively to potential customers. The FTC blog highlighted two cases finalized in December 2013 involving trade associations where codes of conduct ostensibly restrained trade. Counsel Frank reminded the Executive Committee of the importance of antitrust compliance and outlined the steps HDMA's outside counsel takes to review the agenda, all meeting materials, and the meeting conversations.

II. DISCUSSION TOPICS (Executive Committee Materials, Tab A, Pages 17-54).

A. **Drug Abuse and Diversion (Pages 19-26).** Mr. Kelly provided an overview of HDMA activity regarding drug abuse and diversion. There have been seven Congressional hearings in the past two months focusing on the issue with HDMA President, John Gray, testifying before the House Energy and Commerce Health Subcommittee. HDMA provided support for the Marino/Blackburn legislation. The Marino/Blackburn bill has been reintroduced with two Democratic co-sponsors – Representative Welch (D-VT) and Representative Chu (D-CA). Key elements, including provisions regarding corrective action plan and clear definition of terms, remain in the bill. Provisions requiring drug testing and background checks have been removed. The working group concept has been replaced with a joint report from FDA/CDC on federal efforts to address prescription drug abuse and the potential impact of these efforts on patients and supply chain entities.

Congressman Marino has requested a meeting with U.S. Attorney General Eric Holder, which is scheduled for June 9. Representatives from HDMA, NACDS, and the National Community Pharmacists Association (NCPA) will attend. A discussion ensued as to the appropriate representatives from HDMA. The matter will be further discussed with outside counsel, Linden Barber, Esq., who will be accompanying the industry groups.

At the direction of a bipartisan group of Senators, the Government Accountability Office (GAO) is in the process of finalizing a survey to assess the effectiveness of the federal government, particularly DEA, in its effort to reduce prescription drug abuse. Mr. Kelly reported that the draft survey should be quite helpful in eliciting

valuable responses from industry participants in painting a picture of the impact of DEA actions on the supply chain.

B. **LIFO Amendments (Pages 34-35).** A working group within the National Association of Wholesalers (NAW) continues to work to defeat LIFO amendments which will be harmful to wholesalers.

Action: On motion duly made and seconded, the Executive Committee agreed to approve $10,000 to support the NAW effort.

C. **Pedigree/Traceability Implementation.** This matter will be covered in the Board of Directors meeting.

D. **State Affairs.** This matter will be covered in the Board of Directors meeting.

III. **ABMM UPDATE.** This matter will be covered in the Board of Directors meeting.

IV. **FINANCIAL AND GOVERNANCE MATTERS (Executive Committee Meeting Materials, Tab C, Pages 57-66).**

A. **Center for Healthcare Supply Chain Research (CHSCR) Board of Directors (Page 58).** Ms. Karen Ribler (Executive Vice President & COO, CHSCR) reported that the CHSCR Board has recommended Mike Conley, Executive Director, USMM&MA Wholesale/Retail Channels and Pharmacy Affairs, Novartis, for a spot on the CHSCR Board.

Action: On motion duly made and seconded, Mike Conley was approved to serve on the CHSCR Board.

B. **Financial Update (Pages 59-66).** Ms. Ann Bittman (HDMA Executive Vice President & COO) presented the financial update through April 30. Operating revenue is $11.49 million and operating expenses $4.13 million with a current net surplus of $7.36 million. The projected $96,000 budget deficit has increased to $304,000 due primarily to lower sponsorships and increased expenses for lobbyists (Ohio and Maryland). Efforts are ongoing to reduce or eliminate this deficit by fiscal year end.

The reserve fund is far ahead of budgeted investment income ($771,000 versus $225,000) due to the portfolio's excellent returns.

Cash position is strong with $7.42 million in the bank. Reserves are currently set at $13.18 million which exceeds the target of one year's operating expenses ($12.52 million).

V. **EXECUTIVE COMMITTEE BUDGET BREAKOUT GROUP REPORTS (Executive Committee Meeting Materials, Tab D, Pages 67-108).** President Gray updated the Executive Committee on the process of evaluating alignment of HDMA's budget and needs for the next five years with the goal of ensuring adequate balance to avoid annual last-minute modifications. Three subcommittees were empanelled, including: (1)

Domestic Revenue and Business Development (Dave Moody, Mutual Wholesale Drug Company; Ted Scherr, Dakota Drug, Inc.; and Dave Neu); (2) Expenses (Mike Kaufmann, Cardinal Health, Inc.; and Dale Smith, H.D. Smith); and (3) International Revenue and Business Development (Ken Couch, Smith Drug Company, Div. J.M. Smith Company; and Mark Walchirk, McKesson Corporation). Each subcommittee held two conference calls and developed a list of options for consideration by the full Executive Committee. With regard to domestic revenue, some combination of dues increases and reserve draw-down were discussed. Regarding international revenue and business development, HDMA, in cooperation with the International Federation of Pharmaceutical Wholesalers (IFPW), will hold its first summit in China later this year. The Association is exploring ways of increasing cooperation with IFPW going forward. President Gray noted that the Association is considering a name change to possibly "Healthcare Distributors Association" or "Healthcare Distributors International."

With regard to expenses, the Committee and staff are looking at how staff compensation and benefits compare to association peers.

Following discussion, the Executive Committee asked President Gray and his staff to develop multiple scenarios for enhancing revenue and/or restraining cost increases to achieve budget balance for at least the next five years. Mr. Kaufmann suggested that members be surveyed on their views regarding HDMA State Legislative Affairs activities.

There being no further business, the meeting was adjourned.

Prepared by:

Richard L. Frank, Counsel
Dated: June 27, 2014

Approved by:

Ann W. Bittman, HDMA Secretary
Dated: June 27, 2014

Minutes of the
HDMA Executive Committee Meeting

The Montage Laguna Beach
Laguna Beach, California

September 28, 2014

ATTENDANCE:

HDMA Executive Committee Members Present:

Dave Neu (Chair)	Sr. Vice President and President, AmerisourceBergen Drug Corp.
Ted Scherr (Vice Chair)	President & CEO, Dakota Drug, Inc.
Ken Couch	President, Smith Drug Company, Div. J.M. Smith Company
John Gray	HDMA President & CEO
Mike Kaufmann	CEO, Pharmaceutical Segment, Cardinal Health, Inc.
David Moody	CEO, Mutual Wholesale Drug Company
Dale Smith	Chairman and CEO, H.D. Smith
Mark Walchirk	President, U.S. Pharmaceutical, McKesson Corporation

HDMA and Center for Healthcare Supply Chain Research (CHSCR) Staff Present:

Ann Bittman	Executive Vice President & COO
Perry Fri	Executive Vice President, Industry Relations, Membership & Education
Liz Gallenagh, Esq.	Sr. Vice President, Government Affairs and General Counsel
Patrick Kelly	Executive Vice President, Government Affairs
John Parker	Sr. Vice President, Communications
Karen Ribler	Executive Vice President & COO, CHSCR

Legal Counsel:

Richard L. Frank, Esq.	Olsson Frank Weeda Terman Matz PC

PROCEEDINGS

I. **WELCOME AND ADMINISTRATIVE MATTERS.** Chairman Dave Neu (AmerisourceBergen Drug Corp.) called the meeting to order at 2:00 p.m., and welcomed all attendees to the Annual Board and Membership Meeting. Mr. Neu previewed the agenda, highlighting discussion of the budget for 2015, implementation of the Drug Supply Chain Security Act (DSCSA), drug abuse and diversion matters, and HDMA's first international meeting scheduled for October 22-23, 2014 in Beijing, China.

A. **Antitrust Policy Review (Executive Committee Meeting Materials, Page 10).** Counsel Richard L. Frank (OFW Law, HDMA outside counsel) reminded the Executive Committee of HDMA's unqualified policy of strict compliance with both federal and state antitrust laws. He noted that the agenda and background materials

had been reviewed in advance and raised no competitive concerns. He stated that he will monitor the meeting and, if necessary and appropriate, interrupt proceedings if topics or conversations raised concerns regarding antitrust compliance.

B. **Approval of Prior Meeting Minutes (Executive Committee Meeting Materials, Pages 4-9).** Counsel Frank drew the Executive Committee's attention to the minutes of the June 1, 2014 Executive Committee meeting in Scottsdale, Arizona.

Action: On motion duly made and seconded, the minutes of the June 1, 2014 Executive Committee meeting were approved.

C. **Legal Issues Update (Executive Committee Meeting Materials, Pages 11-14).** Counsel Frank presented the Legal Issues Update.

1. Implementation of DSCSA. Government Affairs staff, member representatives and outside counsel are working on a variety of rulemaking initiatives to implement the DSCSA. On January 1, 2015, wholesale distributors must be able to receive and transmit transaction information, histories and statements for human prescription drug products as part of a uniform national traceability framework. HDMA staff, members and counsel are working with FDA to achieve an acceptable Guidance.

2. DEA Matters. HDMA legislative and regulatory staff will report to the Board on hydrocodone rescheduling, DEA investigation of Federal Express, and DEA's final drug disposal rule.

3. *U.S. ex rel. Streck v. Allergan, Inc., et al.* Discovery in the case will end on September 29, 2014. It appears most or all parties are engaged in settlement negotiations. There is currently no information available regarding the amount of the settlements.

II. **FINANCIAL AND GOVERNANCE MATTERS (Executive Committee Meeting Materials, Tab A, Pages 16-24).**

A. **Nomination of 2015 Officers.** President John Gray reported that the Nominating Committee has forwarded the name of Ted Scherr (Dakota Drug, Inc.) for Chairman. Due to changes on the Executive Committee, a candidate for Vice Chairman will be put forward by early 2015.

Action: On motion duly made and seconded, the Executive Committee unanimously endorsed the nomination of Ted Scherr for Chairman. His name will be forwarded to the Board of Directors at its meeting on September 29, 2014.

B. **August 2014 Financial Statements (Executive Committee Meeting Materials, Tab A, Pages 18-23).** Ms. Ann Bittman (HDMA Executive Vice President & COO) presented financials as of August 31 2014 and end-of-the-year 2014 budget projections. Total operating revenue through August 31, 2014 is $11.83 million, and total expenses $8.19 million, for a current net surplus of $3.64 million. The projected net deficit for the year is $476,930 as compared to a budgeted net deficit

of $96,925. The projected deficit has increased from the $304,149 deficit projected in June due to a larger than expected deficit for the International Pharmaceutical Distribution Conference (IPDC).

Total operating revenues are projected to decline due to lower registrations and sponsorships for the IPDC in Beijing, China. Dues are projected at $87,000 higher than budget due to two new distributor members and seven new manufacturer members. Registration fees are budgeted at $299,000 lower due to reduced registration for the IPDC. Sponsorship revenues are projected to be lower than budget by $249,000 due to lower sponsorship for all of HDMA's major conferences.

Total expenses are projected at $3,800 below budget. Payroll, speakers, and food and beverage are all projected at lower than budget. Increased expenses are projected for state lobbyists ($60,000 put back in the budget for Ohio lobbyists and $20,500 for a Maryland lobbyist), legal fees for additional work on implementation of the traceability legislation, and additional marketing expenses for the IPDC.

In the reserve fund, the portfolio returns have resulted in investment income of $792,000 versus a budget of $225,000. Reserve fund budgeted spending includes $10,000 for the NAW LIFO Coalition and $250,000 for consultants to support passage of the Marino/Blackburn legislation. The reserve fund stands at $13.18 million, which more than meets HDMA's target of maintaining one year's operating expenses ($12.52 million for 2014) in reserves.

C. **Center Board of Directors (Executive Committee Meeting Materials, Page 24).** Ms. Karen Ribler (CHSCR Executive Vice President & COO) presented the Center update. The Nominating Committee has put forth Gayle Johnston (President, CuraScript Specialty) for Chairman of the Board, and James Reilly (Vice President, Access and Channel Management, Genentech) for Vice Chairman.

Action: On motion duly made and seconded, the Executive Committee approved Gayle Johnston for Chairman of the Board, and James Reilly for Vice Chairman.

Ms. Ribler reported that the Nominating Committee has recommended that Sean Seamans (Senior Vice President, Sales and Operations, McKesson Specialty Health) fill the Board vacancy created by the resignation of Kirk Kaminsky (Senior Vice President, Operations, McKesson Specialty Health).

Action: On motion duly made and seconded, the Executive Committee approved adding Sean Seamans to the CHSCR Board.

III. **HDMA BUDGET PLANNING 2015-2020/HDMA NAME CHANGE (Executive Committee Meeting Materials, Tab B, Pages 25-41).** President Gray and Ms. Bittman presented the proposed budget for 2015 which, based upon operating income and expense assumptions, reflects a deficit of $486,000. The proposal includes reinstatement of funds for state lobbying and a reduction in legal fees due to an anticipated decrease in the amount of work required for implementation of the traceability provisions. Discussion ensued

regarding the state lobbying program at HDMA and interaction with member state lobbying resources.

Mr. Patrick Kelly (HDMA Executive Vice President, Government Affairs) discussed a survey completed by staff regarding state government affairs capabilities and resources (Executive Committee Meeting Materials, Pages 38-41). He noted his intention to better utilize existing resources before considering enhanced expenditures for outside resources.

No action was taken on the proposed 2015 budget pending further discussion of the Executive Committee work group results on the budget for 2015 through 2020.

President Gray reviewed the results and recommendations of the Executive Committee work groups – domestic revenue/business development group; international revenue business development group; and expense group. Substantial discussion ensued regarding the desirability and efficacy of increasing dues for capped distributor members, other distributor members and manufacturer members. Considering the value of information developed by, and the expertise of, the HDMA members and staff, the possibility of additional revenues through fee for service offerings was discussed. Staff was asked to conduct a feasibility study for obtaining more revenue.

Chairman Neu noted that the current model is not sustainable; due to a relatively lean staff, expected moderate increases in budgeted expenses, consolidation within the industry and relatively static dues. He asked staff to develop an additional budget blueprint for 2015-2020, relying in part on dues increases, utilization of reserve funds, possible reduction in expenses and new sources of revenue.

IV. DISCUSSION ISSUES ((Executive Committee Meeting Materials, Tab C, Pages 42-60).

A. Drug Abuse and Diversion (Pages 44-51). Mr. Kelly provided an update on legislative issues. H.R. 4709, the Marino/Blackburn bill, has passed the House. A companion bill, S.B. 2862 is pending in the Senate, and due to time limitations there is a slight chance of consideration and adoption in 2014. The Association continues in its efforts to schedule a meeting with the Assistant Attorney General to discuss drug abuse and diversion matters. Representatives Blackburn (R-TN) and Marino (R-PA have sent a letter to the Department of Justice seeking an investigation into inflammatory remarks made by DEA Deputy Administrator Rannazzisi. HDMA continues to work cooperatively with the Alliance to Prevent the Abuse of Medicines as well as the Pain Care Forum. There continues to be significant activity regarding controlled substances at the state level (Executive Committee Meeting Materials, Pages 48-49). DEA has issued its final rule regarding hydrocodone combination products granting only 45 days for industry to come into compliance.

B. Pedigree/Traceability Implementation (Pages 52-57). Ms. Liz Gallenagh (HDMA Sr. Vice President, Government Affairs and General Counsel) provided an update on the pedigree/traceability issue (Executive Committee Meeting Materials, page 52). HDMA is coordinating with FDA in the development of a Guidance to assist compliance with the January 1, 2015 deadline.

C. **LIFO/Gross Receipts Taxes (Pages 58-60).** Ms. Gallenagh presented a brief update on the continued threat at the federal level of a change in LIFO. Currently, there is no pending legislation. The Public Policy Committee has recommended updating the white paper used to oppose LIFO repeal.

Action: On motion duly made and seconded, the Executive Committee approved spending up to $58,000 from reserves for an updating of the white paper.

Ms. Gallenagh discussed the Ohio commercial activities tax and its potential impact on members. The Public Policy Council has recommended updating the PricewaterhouseCoopers 2011 report on gross receipts tax.

Action: On motion duly made and seconded, the Executive Committee approved $48,000 to be allocated from reserves to update this report.

D. **Name Change**. President Gray explained that staff and members continue to face confusion with regard to the "management" aspect of the HDMA name. A number of alternative names have been explored with Healthcare Distributors Association garnering the greatest support. Chairman Neu urged broader discussion of this matter with the Board, members and other stakeholders to achieve alignment. Counsel Frank noted that the Articles of Incorporation and By-Laws would need to be amended if the name is changed. The matter was tabled until the next meeting.

There being no further business, the meeting was adjourned.

Prepared by:

Richard L. Frank, Counsel
Dated: October 29, 2014

Approved by:

Ann W. Bittman, HDMA Secretary
Dated: October 29, 2014

Minutes of the
HDMA Executive Committee Meeting
The Jefferson Hotel
Washington, D.C.
February 27, 2015

ATTENDANCE:

HDMA Executive Committee Members Present:

Ted Scherr (Chair)	President & CEO, Dakota Drug, Inc.
Jon Giacomin (Vice Chair)	CEO, Pharmaceutical Segment, Cardinal Health, Inc.
Dave Neu	Executive Vice President of Retail Strategy and President, Good Neighbor Pharmacy, AmerisourceBergen Corp.
Ken Couch	President, Smith Drug Company, Div. J.M. Smith Company
John Gray	HDMA President & CEO
David Moody (by telephone)	CEO, Mutual Wholesale Drug Company
Dale Smith	Chairman and CEO, H.D. Smith
Mark Walchirk (by telephone)	President, U.S. Pharmaceutical, McKesson Corporation

HDMA and Center for Healthcare Supply Chain Research (CHSCR) Staff Present:

Ann Bittman	Executive Vice President & COO
Perry Fri	Executive Vice President, Industry Relations, Membership & Education
Liz Gallenagh, Esq.	Sr. Vice President, Government Affairs and General Counsel
Patrick Kelly	Executive Vice President, Government Affairs
Brooke Naylor	Senior Vice President, Meetings and Conferences
John Parker	Senior Vice President, Communications
Karen Ribler	Executive Vice President & COO, CHSCR

Legal Counsel:

Richard L. Frank, Esq.	Olsson Frank Weeda Terman Matz PC

Guests:

Rebecca Brockelman	The Hale Group
Oliver Griswold	Vice President, Strategist, GMMB
John Gundlach	Senior Vice President, Group Creative Director, GMMB
William Hale	The Hale Group

PROCEEDINGS

I. **WELCOME AND ADMINISTRATIVE MATTERS.** Chairman Ted Scherr (Dakota Drug, Inc.) called the meeting to order at 9:10 a.m., and welcomed all attendees to the Winter Executive Committee Meeting. Chairman Scherr welcomed John Giacomin (CEO, Pharmaceutical Segment, Cardinal Health, Inc.) who is replacing

Mike Kauffman on the committee. Dave Neu announced that he will be moving off the Executive Committee to be replaced by Robert Mauch (Executive Vice President and President of AmerisourceBergen Drug Corporation).

President John Gray welcomed the Executive Committee and reviewed the agenda. The meeting will focus on HDMA's business model and long-term funding, an additional dues category for pharma-only sales and a rebranding initiative. Other matters, including dashboard review, issues update, financial and organizational matters, meetings, conferences and educational programs and an update on the Center for Healthcare Supply Chain Research are covered in the Appendix of the Executive Committee materials.

A. **Antitrust Policy Review (Executive Committee Meeting Materials, Page 4).** Counsel Richard L. Frank (OFW Law, HDMA outside counsel) reminded the Executive Committee of HDMA's unqualified policy of strict compliance with both federal and state antitrust laws. He noted that the agenda and background materials had been reviewed in advance and raised no competitive concerns. He stated that he will monitor the meeting and, if necessary and appropriate, interrupt proceedings if topics or conversations raised concerns regarding antitrust compliance.

B. **Approval of Prior Meeting Minutes (Executive Committee Meeting Materials, Pages 5-9).** Counsel Frank drew the Executive Committee's attention to the minutes of the September 28, 2014 Executive Committee meeting in Laguna Beach, California.

Action: On motion duly made and seconded, the minutes of the September 28, 2014 Executive Committee meeting were approved.

C. **Legal Issues Update (Executive Committee Meeting Materials, Pages 10-13).** Counsel Frank presented the Legal Issues Update.

1. *U.S. ex rel. Streck v. Allergan, Inc., et al.* – In November 2014, Plaintiff Streck filed a memorandum with the Court requesting leave to file a 5th amended complaint. Plaintiff now alleges that the Discount Defendants mischaracterized fees paid to wholesalers as discounts, rather than as bona fide service fees in their reporting of AMP, which allowed them to materially underpay Medicaid. In his memorandum to amend the complaint, Mr. Streck updates the Court on an agreement in principle reached with Cephalon, one of the Discount Defendants. Settlement discussions are ongoing with AstraZeneca. The Court issued a new scheduling order with fact discovery to be completed by July 6, 2015, expert discovery by November 9, 2015, with a trial scheduled for March 2016.

2. *PhRMA, et al. v. Alameda County* – Litigation between PhRMA, BIO, and GPhA continues against Alameda County, California regarding the county's pharmaceutical disposal ordinance. The trade associations sued the county alleging that the ordinance violated the dormant Commerce Clause of the U.S. Constitution. The U.S. District Court upheld the ordinance and, in September 2014, the U.S. Court of Appeals for the 9th Circuit upheld the District Court's

decision and ruling. In January 2015, the associations petitioned the U.S. Supreme Court for *certiorari* to review and hear the case.

3. Federal Trade Commission (FTC) Focus on Trade Associations – in 2014, the FTC concluded several enforcement actions against trade associations that implemented by-laws which impermissibly limited competition among members in violation of federal anti-trust laws. Counsel Frank noted that HDMA did not engage in any similar activities.

4. Indictment of FedEx – In July 2014, FedEx pleaded not guilty to charges that it conspired to distribute controlled substances from illegal internet pharmacies. The DEA accused FedEx of shipping controlled substances from illegal on-line pharmacies. Public press reports indicate that FedEx is vigorously defending the charges.

II. **ADDITIONAL DUES CATEGORY FOR PHARMA-ONLY SALES (Executive Committee Meeting Materials, Tab B, Pages 17-18).** Mr. Perry Fri (HDMA Executive Vice President, Industry Relations, Membership & Education) reported that HDMA member Henry Schein has asked to have its dues reduced to reflect its pharmaceutical sales only. The By-Laws authorize the Executive Committee to set the dues schedule, which currently provide that dues shall be based upon total sales. Mr. Fri recommended that the Executive Committee consider a pilot program to allow Active Distributor members with pharmaceutical sales totaling less than 30% of total sales – but that otherwise fully qualify for HDMA membership - to pay annual membership dues based only on those pharmaceutical sales. While this would result in a loss of dues revenue in the short-term it would keep Henry Schein in the Association and allow staff to approach Patterson and Owens & Minor, who might join based upon the new dues schedule.

Action: On motion duly made and seconded, the Executive Committee approved a two-year pilot to base dues for those members whose sales of Rx products are less than 30% on those sales only. In two years, this policy will be revisited.

III. **BUSINESS MODEL/LONG-TERM FUNDING (Executive Committee Materials, Tab B, Pages 19-58).** President Gray introduced the issue by reviewing the history of HDMA revenue and expenses and the need to arrive at a sustainable long-term funding solution. Per instructions from the Executive Committee, staff has looked at a wide range of possible new revenue sources as well as potential budgetary cuts. President Gray concluded that there were no identifiable sources of significant new revenue and that expenses, growing at approximately 3.3% per year, could not reasonably offer much financial relief without seriously impacting Association services.

Mr. Bill Hale (The Hale Group) presented an overview of the HDMA operating environment. The challenge is how to generate sufficient income to support member needs and expectations. The Hale Group surveyed members – both distributors and manufacturers – to learn more about their view of HDMA and their expectation for services. Ms. Ann Bittman (HDMA Executive Vice President & COO) presented a financial history, including predictions over the past five years that with only modest

growth in expenses, revenues would fall short of covering the Association's budget due in large part to industry consolidation and the dues cap.

A discussion ensued as to whether the Association reserves should be used to cover operating budget shortfalls. Currently, the reserve policy is to maintain 12 months of operating budget in the event of a crisis. Discussion ensued whether this target should be lowered to six months with the excess spent over time to address operating budget shortfalls. No consensus was reached. The projected operating budget deficit for 2015 is $500,000 and it is expected to grow larger going forward. Mr. Neu suggested the Association could consider attracting OTC and HBW manufacturers since the business model of many core members is changing to warehouse and distribute such products.

Ms. Bittman presented a series of budgetary/service scenarios, including a base case and an enhanced services case. A number of members have requested that HDMA consider several new service offerings, including enhanced state affairs; traceability proof-of-concept pilots; engage in 3PL issues; engage global standards development; and the rebranding initiative. Discussion about the enhanced services was tabled pending discussion/resolution of the budgetary funding issues.

There appeared to be general consensus that some reduction in the reserve target would be acceptable so long as the reserves were not drawn down to an unhealthy level. There was no support for relying solely on the reserves to fund the operating deficits. A broad discussion of the timing and amount of dues increases ensued with no final resolution.

President Gray and staff were instructed to prepare an option paper which includes a staff recommendation for a sustainable, long-term funding model based in part on prudent use of reserves, increased dues including raising the dues cap, identification of expanded membership opportunities, and expense cuts where appropriate. Staff was asked to present its recommendation via conference call prior to the next Executive Committee meeting in preparation for a final decision at the June 2015 meeting.

IV. **REBRANDING STRATEGY**. Mr. John Parker (HDMA Senior Vice President, Communications) provided background on the topic and how rebranding HDMA could enhance the Association's government and industry relations programs. He introduced John Gundlach and Oliver Griswold from GMMB, a public relations firm with significant experience in trade association branding. Further information will be reported at the June 2015 meeting.

There being no further business, the meeting was adjourned.

Prepared by:

Richard L. Frank, Counsel
Dated: March 24, 2015

Approved by:

Ann W. Bittman, HDMA Secretary
Dated: March 24, 2015

Minutes of the
HDMA Executive Committee Meeting
JW Marriott San Antonio Hill Country
San Antonio, Texas
June 7, 2015

ATTENDANCE:

HDMA Executive Committee Members:

Kenneth Couch	President, Smith Drug Company, Div. J M Smith Corporation
John Gray	President and CEO, HDMA
Jon Giacomin	CEO, Pharmaceutical Segment, Cardinal Health, Inc.
Robert Mauch (by telephone)	President, AmerisourceBergen Drug Corporation
David Moody (by telephone)	Chief Executive Officer, Mutual Wholesale Drug Company
Ted Scherr	President/CEO, Dakota Drug, Inc.
Dale Smith	Chairman and CEO, H.D. Smith Holding Company
Mark Walchirk	President, US Pharmaceutical, McKesson Corporation

HDMA and Center for Healthcare Supply Chain Research (CHSCR) Staff:

Ann Bittman	Executive Vice President & COO
Perry Fri	Executive Vice President, Industry Relations, Membership & Education
Elizabeth Gallenagh, Esq.	Sr. Vice President, Government Affairs and General Counsel
Patrick Kelly	Executive Vice President, Government Affairs
John Parker	Senior Vice President, Communications
Karen Ribler	Executive Vice President & COO, CHSCR

Legal Counsel:

Arthur Tsien, Esq.	Olsson Frank Weeda Terman Matz PC

Guests:

Janet Goss	Partner, GMMB
John Gundlach	SVP, Group Creative Director, GMMB

PROCEEDINGS:

I. **WELCOME AND ADMINISTRATIVE MATTERS.** HDMA Chairman Ted Scherr (Dakota Drug, Inc.) called the meeting to order at 11:00 a.m., and welcomed all attendees to the 2015 Business and Leadership Conference. HDMA President and CEO John Gray welcomed Mr. Robert Mauch (AmerisourceBergen Drug Corporation) to the Executive Committee.

A. **Antitrust Policy Review (Executive Committee Meeting Materials, Page 11).** Counsel Arthur Tsien (OFW Law, HDMA outside counsel) reminded the Executive Committee of HDMA's unqualified policy of strict compliance with both federal and state antitrust laws. He noted that the agenda and background materials had been reviewed in advance and raised no competitive concerns. He stated that he will monitor the meeting and, if necessary and appropriate, interrupt proceedings if topics or conversations raised concerns regarding antitrust compliance.

B. **Approval of Prior Meeting Minutes (Executive Committee Meeting Materials, Pages 4-10).** Mr. Tsien drew the Executive Committee's attention to the minutes of the February 27, 2015 Executive Committee meeting and the May 5, 2015 conference call meeting.

Action: On motion duly made and seconded, the minutes of the February 27, 2015 Executive Committee meeting and the May 5, 2015 conference call meeting were approved.

C. **Legal Issues Update (Executive Committee Meeting Materials, Pages 13-18).** In the interest of conserving time, the Legal Issues Update was deferred until the Board of Directors meeting.

II. DISCUSSION ITEMS.

A. **Generic Pharmaceutical Pricing Inquiries.** Mr. Gray discussed ongoing government investigations into the pricing of prescription generic drugs. At this time, HDMA does not have any intelligence on whether HDMA or its members will be asked to testify. Nevertheless, questions have arisen regarding HDMA's possible role if it is asked to testify in Congressional hearings. Counsel Tsien stated that HDMA cannot testify in a meaningful way because it does not have any information regarding its members' pricing practices, as such discussions have not occurred and would be expressly prohibited by HDMA's Antitrust Policy. However, if appropriate, HDMA can address in general terms the operations of the pharmaceutical supply chain. After discussion, there was general agreement that HDMA needs to be prepared in case it is asked to testify.

B. **West Virginia Litigation (Executive Committee Meeting Materials, Tab A, Pages 20-23; handout distributed).** Mr. Gray and Mr. John Parker (HDMA Senior Vice President, Communications) provided background on litigation in West Virginia filed in 2012 against 13 distributors, 11 of whom are HDMA members. In essence, the lawsuit alleges that those distributors are improperly supplying controlled substances to West Virginia "pill mills," to the detriment of the state and legitimate patients who need controlled substances. Recent media reports have insinuated that distributors are responsible for controlled substance problems in West Virginia, including unlawful diversion and increased difficulty in getting controlled substances for legitimate uses. Ms. Janet Goss (GMMB) discussed how HDMA could engage the media to the industry's benefit, including a three level strategy. Following discussion, there was general agreement that HDMA needs to engage the media. Toward that

end, HDMA staff and GMMB will refine Level 1 (taking a strong, visible role in the passage of S. 483; engaging in proactive and reactive media outreach with other stakeholders in West Virginia to offer deep background briefings) and Level 2 (convening a public/private summit to address relevant issues with key stakeholders and reaching out to Sen. Manchin and staff) for further review by legal counsel of affected member companies. There was also general agreement that Level 3 (developing an HDMA-led pilot reporting program on drug distribution volume) may not be feasible or desirable.

III. FINANCIAL AND GOVERNANCE MATTERS.

A. **Center for Healthcare Supply Chain Research Board of Directors (Executive Committee Meeting Materials, Tab B, Page 26).** Ms. Karen Ribler (CHSCR Executive Vice President and COO) recommended that Mr. Charles Phillips (President, Anda Inc.) be appointed to fill a vacancy on the CHSCR Board of Directors.

Action: On motion duly made and seconded, the Executive Committee approved Mr. Phillips to serve on the CHSCR Board of Directors.

B. **Membership Criteria (handout distributed).** Mr. Perry Fri (HDMA Executive Vice President, Industry Relations, Membership & Education) discussed a possible change in the criteria for active membership. Active members are required to purchase "predominantly" directly from manufacturers. Under HDMA's Bylaws, the Executive Committee is required to interpret "predominantly." "Predominantly" is currently interpreted as 90%. A possible reinterpretation to 70%-75% could increase HDMA's active member base by four members and dues revenues, by possibly $100k per year. Some concern was expressed regarding potential reputational harm to the association by lowering the percentage of direct purchase requirement in order to admit additional active members. Following discussion, it was generally agreed that HDMA staff will circulate more information about this matter.

Mr. Fri discussed a possible new membership category for retailers interested in supply chain issues. Following discussion, there was general agreement that this new membership class is worthy of further consideration. HDMA staff will provide further information.

C. **Sustainable HDMA Business Model.** Ms. Ann Bittman (HDMA Executive Vice President & COO) announced that the Executive Committee had approved, by unanimous consent, the long-term funding plan that is intended to sustain HDMA activities through 2020 and beyond. That plan calls for tiered increases in distributor and manufacturer dues beginning in 2016 and a change in HDMA's reserve fund policy, so that reserves will be maintained at no less than six months of operating expenses.

IV. HDMA REBRANDING (handouts distributed).

Mr. Gray introduced the topic of a possible rebranding (new association name) for HDMA, including HDMA's engagement of GMMB to assist. Ms. Goss and Mr. John Gundlach (GMMB) discussed

their process for recommending a new association name, including interviews with HDMA senior staff and members. After receiving HDMA staff input, GMMB's final recommendation for a new association name is "Health Chain Alliance," with the tag line "Patients Move Us." Following discussion, there was general agreement that the Executive Committee will consider this issue further after allowing it to "marinate."

There being no further business, the meeting adjourned at 12:35 pm.

Prepared by:

Arthur Y. Tsien, Counsel
Dated: June 29, 2015

Approved by:

Ann W. Bittman, HDMA Secretary
Dated: June 30, 2015

Minutes of the
HDMA Executive Committee Meeting
Four Seasons Resort
Scottsdale, Arizona
September 27, 2015

ATTENDANCE:

HDMA Executive Committee Members:

Ted Scherr, Chairman	President/CEO, Dakota Drug, Inc.
Jon Giacomin, Vice Chairman	CEO, Pharmaceutical Segment, Cardinal Health, Inc.
Kenneth Couch	Director, J M Smith Corporation
John Gray	President and CEO, HDMA
Robert Mauch	President, AmerisourceBergen Drug Corporation, AmerisourceBergen Corporation
David Moody	Chief Executive Officer, Mutual Wholesale Drug Company
Dale Smith (by telephone)	Chairman and CEO, H.D. Smith Holding Company
Mark Walchirk	President, US Pharmaceutical, McKesson Corporation

HDMA and Center for Healthcare Supply Chain Research (CHSCR) Staff:

Ann Bittman	Executive Vice President & COO
Perry Fri	Executive Vice President, Industry Relations, Membership & Education
Elizabeth Gallenagh, Esq.	Sr. Vice President, Government Affairs and General Counsel
Patrick Kelly	Executive Vice President, Government Affairs
Brooke Naylor	Senior Vice President, Meetings & Conferences
John Parker	Senior Vice President, Communications
Karen Ribler	Executive Vice President & COO, Center for Healthcare Supply Chain Research

Legal Counsel:

Richard L. Frank, Esq.	Olsson Frank Weeda Terman Matz PC

Guests:

Janet Goss	Partner, GMMB
John Gundlach	SVP, Group Creative Director, GMMB

PROCEEDINGS:

I. **WELCOME AND ADMINISTRATIVE MATTERS.** HDMA Chairman Ted Scherr (Dakota Drug, Inc.) called the duly noticed meeting to order at 2:00 p.m., and welcomed all attendees to Executive Committee meeting. Chairman Scherr welcomed Robert Mauch (AmerisourceBergen Drug Corporation) to his first in-person meeting. HDMA President and CEO John Gray welcomed the Executive Committee and briefly reviewed the agenda for the ABMM.

A. **Antitrust Policy Review (Executive Committee Meeting Materials, Page 8).** Counsel Richard L. Frank (OFW Law, HDMA outside counsel) reminded the Executive Committee of HDMA's unqualified policy of strict compliance with both federal and state antitrust laws. He noted that the agenda and background materials had been reviewed in advance and raised no competitive concerns. He stated that he will monitor the meeting and, if necessary and appropriate, interrupt proceedings if topics or conversations raised concerns regarding antitrust compliance.

B. **Approval of Prior Meeting Minutes (Executive Committee Meeting Materials, Pages 4-7).** Mr. Frank drew the Executive Committee's attention to the minutes of the June 7, 2015 Executive Committee meeting.

Action: On motion duly made and seconded, the minutes of the June 7, 2015 Executive Committee meeting were approved.

C. **Legal Issues Update (Executive Committee Meeting Materials, Pages 9-13 and Handout).** The full legal update will be covered at the Board meeting on September 28, 2015. Mr. Frank handed out a memorandum summarizing DEA's action against Masters Pharmaceuticals, Inc. Mr. Frank briefly described the factual background, the recommended decision by the Administrative Law Judge (ALJ) finding that the agency had failed to prove by a preponderance of the evidence that Masters did not maintain effective controls against the diversion of controlled substances or to detect and report to DEA suspicious orders for controlled substances. Subsequently, the Acting Administrator of DEA issued a Decision and Order disagreeing with the ALJ and ordering suspension of Masters's DEA license at its Kemper Springs, Cincinnati, Ohio facility. Discussion ensued. Executive Committee members decided to carefully review the ALJ recommended decision and DEA Order and Decision, prior to deciding whether it might be appropriate to file an *amicus curiae* brief in the U.S. Court of Appeals for the D.C. Circuit in support of the principles at issue in the case. The Revocation Order is effective October 15, 2015, and Masters has 30 days to decide whether to file an appeal with the D.C. Circuit Court of Appeals. Staff and outside counsel Frank were asked to circulate additional information about the case to assist members in deciding on an appropriate course of action.

II. **FINANCIAL AND GOVERNANCE MATTERS (Executive Committee Meeting Materials, Tab A).**

A. **Nomination of 2016 Officers.** President Gray reported that the Nominating Committee recommended Mr. Ted Scherr for a second one-year term as HDMA Chairman, and Mr. Jon Giacomin (Pharmaceutical Segment, Cardinal Health, Inc.) for a second one-year term as HDMA Vice Chairman.

Action: On motion duly made and seconded, the Executive Committee unanimously endorsed recommendations of the Nominating Committee and urged the Board of Directors approve the slate.

B. **New Executive Committee Members (Executive Committee Meeting Materials, Page 17).** President Gray reported that Mr. Dave Moody (Mutual Wholesale Drug Company) would be retiring, and Mr. Ken Couch (Director, J M Smith Corporation) would be moving off the Executive Committee. A number of possible candidates for addition to the Executive Committee were discussed. The Executive Committee asked President Gray and staff to develop a list of recommendations, with relevant biographical information on each, to be considered at the February 2016 meeting.

C. ***Healthcare Distributor* Magazine Proposal.** President Gray discussed the status of *Healthcare Distributor* Magazine and the solicitation by its owners that HDMA purchase the publication. Because the $1 million purchase price proposed by *Healthcare Distributor's* current owners was too high for consideration, Mr. Gray noted the Association may consider its own product in the future to replace *Healthcare Distributor*. Mr. Mark Walchirk (US Pharmaceutical, McKesson Corporation) and Mr. Kenneth Couch (J M Smith Corporation) supported the notion that the industry needs a vehicle to disseminate its ideas and policies.

D. **August 2015 Financial Statements (Executive Committee Meeting Materials, Tab A, pages 19-24).** Ms. Ann Bittman (HDMA Executive Vice President & COO) presented the Association's financial status as of August 31, 2015. Operating revenue is $12.23 million, and total operating expenses are $8.56 million, for a current net surplus of $3.67 million. The projected net deficit for the year is $545,000, as compared to a budgeted net deficit of $486,000. The $59,000 difference is due to increased spending in State Affairs and legal fees associated with DSCSA implementation. Ms. Bittman noted that President Gray and staff are looking for additional savings to close the shortfall versus budget by year-end.

Total operating revenue is projected to be $111,000 above budget due to higher-than-budgeted dues revenue even though there has been a shortfall in sponsorship revenue. Total operating expenses are projected to be $170,000 above budget.

Projected spending in the reserve fund was increased to continue work on the Marino-Blackburn/Hatch-Whitehouse legislation; the new branding project; and concluding work on the sustainable business model project. The reserve fund is below budgeted investment income due to the poor performance of financial markets in August. The reserve fund stands at $11.21 million, which more than meets the target of maintaining 50% of one year's operating expenses ($6.48 million for 2015) in reserves.

E. **2016 Budget (Executive Committee Materials, Tab A, pages 25-31).** Ms. Bittman presented the proposed budget for 2016. She reminded the Executive Committee that 2016 and 2017 were both projected as deficit years as the recently approved dues increases slowly increase revenue over the next five years.

Proposed operating budget revenue for 2016 is $13.24 million, or a 5.2% increase from 2015. Budgeted operating expenses are $13.72 million, a 4.5% increase from 2015. The operating budget projects a deficit of $475,834, which is $84,000 (15%) lower than the 2016 deficit of $560,000 previously approved by the Executive Committee as part of the five-year budget plan. Ms. Bittman briefly discussed the assumptions underlying both income and expenses.

The proposed 2016 reserve fund budget projects interest and dividends at $100,000, a reduction in investment fees of $15,000, and a $100,000 contribution to the Center for Healthcare Supply Chain Research. Ms. Bittman projected that the reserve fund balance at year end would exceed the target of maintaining 50% of operating expenses ($6,858,188).

The proposed capital budget is $116,000, or 10% lower than 2015. Discussion ensued.

Action: On motion duly made and seconded, the proposed budget for 2016 was unanimously approved.

F. **Possible Business Solutions Conference (Executive Committee Materials, Tab A, Page 32).** Ms. Bittman and President Gray discussed a possible new conference/expo to address pharmaceutical industry business solutions. It was described as "DMC on Steroids." The Executive Committee asked staff to further research the matter, including current competition in this space as well as potential revenue and expenses. The staff will make recommendations and submit a plan if appropriate.

[Other HDMA staff joined the meeting.]

G. **Nexus Award.** Ms. Karen Ribler (Executive Vice President & COO, CHSCR) discussed potential candidates for the Nexus Award. No final decisions were made.

H. **Center CEO Roundtable.** Ms. Ribler reported that the 2016 Center CEO Roundtable will take place once again in New York City at the St. Regis Hotel. A number of keynote speakers are being considered and the goal for 2016 is to raise $500,000 for the Foundation.

III. **HDMA NAME CHANGE/REBRANDING (Handout).** President Gray provided background and status on the project to rename/rebrand HDMA for the purpose of attaining better understanding of the Association, its members, mission, and goals. Mr. John Parker (HDMA Senior Vice President, Communications) introduced the consulting team from GMMB (John Gundlach and Janet Goss), who went through the process undertaken to assess whether, and if so, what name and brand would better describe the Association. The staff and GMMB proposal is "Healthcare Distribution Alliance," with the tagline, "Patients Move Us." Mr. Parker and the

issues. Ongoing state budget shortfalls likely will lead to continued pressure on the states and more tax initiatives in 2016. HDMA plans to add a state tax policy consultant for 2016, which is included in the 2016. The Alameda County, California disposal law was upheld by the U.S. Court of Appeals for the Ninth Circuit and is unlikely to be reviewed by the U.S. Supreme Court. EPA issued a proposed rule on August 31, 2015, dealing with pharmaceutical waste. HDMA will review and comment.

There being no further business, the meeting was adjourned at 5:15pm.

Prepared by:

Richard L. Frank, Counsel
Dated: November 2, 2015

Approved by:

Ann W. Bittman, HDMA Secretary
Dated: October 23, 2015

Minutes of the
HDMA Executive Committee Meeting
The Lodge at Pebble Beach
Pebble Beach, California
February 18, 2016

ATTENDANCE:

HDMA Executive Committee Members:

Ted Scherr, Chairman (by telephone)	President/CEO, Dakota Drug, Inc.
Jon Giacomin, Vice Chairman	CEO, Pharmaceutical Segment, Cardinal Health, Inc.
Kenneth Couch	Director, J M Smith Corporation
John Gray	President and CEO, HDMA
Robert Mauch	President, AmerisourceBergen Drug Corporation, AmerisourceBergen Corporation
David Moody	CEO, Mutual Wholesale Drug Company
Dale Smith	Chairman and CEO, H.D. Smith Holding Company
Mark Walchirk	President, US Pharmaceutical, McKesson Corporation

HDMA and Center for Healthcare Supply Chain Research (CHSCR) Staff:

Ann Bittman	Executive Vice President & COO
Perry Fri	Executive Vice President, Industry Relations, Membership & Education
Elizabeth Gallenagh, Esq.	Sr. Vice President, Government Affairs and General Counsel
Patrick Kelly	Executive Vice President, Government Affairs
Brooke Naylor	Senior Vice President, Meetings & Conferences
John Parker	Senior Vice President, Communications
Karen Ribler (by telephone)	Executive Vice President & COO, Center for Healthcare Supply Chain Research

Legal Counsel:

Richard L. Frank, Esq.	Olsson Frank Weeda Terman Matz PC

PROCEEDINGS:

I. **WELCOME AND ADMINISTRATIVE MATTERS**. HDMA Vice Chairman Jon Giacomin (Cardinal Health, Inc.) (chairing the meeting for Chairman Ted Scherr (Dakota Drug, Inc.) who participated by telephone), called the duly noticed meeting to order at 7:00 a.m., and welcomed all attendees to the Executive Committee meeting. President John Gray welcomed members and staff and previewed the agenda.

A. **Antitrust Policy Review (Executive Committee Meeting Materials, Page 4)**. Counsel Richard L. Frank (OFW Law, HDMA outside counsel) reminded the Executive Committee of HDMA's unqualified policy of strict compliance with both federal and state antitrust laws. He noted that the agenda and background materials had been reviewed in advance and raised no competitive concerns. He stated that he will monitor the meeting and, if necessary and appropriate, interrupt

proceedings if topics or conversations raised concerns regarding antitrust compliance.

B. **Approval of Prior Meeting Minutes (Executive Committee Meeting Materials, Pages 5-10).** Counsel Frank drew the Executive Committee's attention to the minutes of the September 27, 2015 Executive Committee meeting.

Action: On motion duly made and seconded, the minutes of the September 27, 2015 Executive Committee meeting were approved.

C. **Legal Issues Update (Executive Committee Meeting Materials, Pages 11-17).** Counsel Frank provided the update on relevant legal activities since last September. These include:

1. *In re: Masters Pharmaceuticals, Inc.*, No. 15-1335 (D.C. Cir.) – The status of the *Masters* litigation as well as a discussion of the draft *amicus curiae* brief to be possibly filed on behalf of HDMA will be discussed later in the meeting, led by President Gray and HDMA General Counsel Gallenagh.

2. *U.S ex rel. Streck v. Allergan, Inc., et al.* – Counsel Frank briefed the Executive Committee on recent activities, including Astra Zeneca, Cephalon, and Biogen settling with Mr. Streck for a total of $55.5 million. Genzyme remains in the case, though settlement negotiations continue. Mr. Streck's counsel has indicated that once the case against the four "discount" defendants ends, they will appeal and seek to reinitiate the case that was dismissed in 2012 against the "improper service fees" defendants.

3. DEA Prosecution of Federal Express – DEA has accused FedEx of shipping controlled substances from illegal on-line pharmacies and seeks fines and penalties which could exceed $800 million. FedEx is vigorously defending the action.

4. West Virginia Litigation – HDMA filed an *amicus curiae* brief in the West Virginia Court of Appeals seeking to overturn the District Court's decision to deny defendant's Motion to Dismiss in an action where the West Virginia Attorney General has sued 14 out-of-state drug distributors for their roles in allegedly supplying controlled substances to "pill mills." The Court of Appeals, in a 3-2 Decision, upheld the lower court denial of the Motion to Dismiss and the case will go forward before the District Court. On February 3, 2016, Miami-Luken settled its part of the case.

   In January 2016, the West Virginia Attorney General filed suit against McKesson for "failing to identify, detect, report, and help stop the flood of suspicious drug orders."

   Counsel Frank characterized the series of DEA and state actions as efforts to improperly expand distributors' responsibilities beyond simply reporting suspicious orders to actually preventing the distribution of controlled

substances to licensed dispensers. States are bringing these actions for similar reasons but also in an effort to collect monetary damages and penalties.

Discussion ensued regarding how distributors can be viewed as part of the "solution" as opposed to being targeted as the "problem." Greater access to ARCOS data and/or legally permissible data sharing was briefly discussed. President Gray reported that HDMA will be meeting February 29, 2016, with new DEA Acting Administrator Chuck Rosenberg and Special Agent Louis Milione, Deputy Assistant Administrator for DEA's Office of Diversion Control.

II. **2016 ORGANIZATIONAL GOALS (Executive Committee Meeting Materials, Tab A).** President Gray briefly summarized the Association's goals for 2016.

III. **DISCUSSION ISSUES (Tab B).**

1. *Masters* (Potential *Amicus Curiae* Brief) – General Counsel Gallenagh drew the Executive Committee's attention to a draft *amicus curiae* (friend of the court) brief to be considered in connection with Masters' appeal of the DEA Suspension Order. At its September 27, 2015 meeting, the Executive Committee approved outside counsel preparing a draft brief which raised relevant public policy and legal issues but did not specifically support Masters or criticize DEA. The central theme of the draft brief is that DEA must follow statutory and regulatory requirements regarding the imposition of suspicious order reporting – notice-and-comment rulemaking required. The brief also seeks to place the role and capabilities of the distributor in context, noting that distributors neither prescribe, nor dispense controlled substances, and therefore are in no position to adjudicate the legitimacy of an order. Rather, distributors can and do report "suspicious orders" based upon customer order histories.

   Discussion ensued with all members of the Executive Committee generally supporting filing of the *amicus curiae* brief. Several members suggested softening the tone and including a statement that HDMA takes no position on the propriety of Masters' actions.

   Action: On motion duly made and seconded, the Executive Committee unanimously approved filing of an *amicus curiae* brief subject to final review and approval of the brief.

   Action: On motion duly made and seconded, the Executive Committee agreed to allow NACDS to join the brief so long as no objectionable substantive changes were made.

   Note: On February 10, 2016, the U.S. Court of Appeals suspended the briefing schedule in the *Masters* litigation subject to further order. This will permit additional time for HDMA to meet with DEA (February 29, 2016) and review Appellate *Masters'* brief.

2. Drug Abuse and Diversion – Mr. Patrick Kelly (HDMA Executive Vice President, Government Affairs) provided an update on drug abuse and diversion matters. S. 483 passed the Senate Judiciary Committee with Floor action likely relatively soon. Staff is working with supporters in the House.

3. DEA Acting Administrator Chuck Rosenberg and Office of Diversion Control Director Louis Milione have announced a series of meetings with supply chain representatives. Supply chain trade associations are scheduled to meet with DEA for a full day on February 29, 2016. Mr. Kelly circulated the draft agenda.

4. Tax Policy – Ms. Gallenagh provided an update on federal tax reform and LIFO repeal. She briefly discussed a ballot measure in Oregon which would impose a 2.5% tax plus $30,001 for all gross receipts in excess of $25 million. HDMA has joined a broad coalition of industry opponents in seeking to defeat the initiative.

   Discussion ensued.

   Action: On motion duly made and seconded, the Executive Committee approved a contribution of $25,000 out of reserves to the Grow Oregon Now Campaign to defeat the initiative.

5. Traceability Pilots – Ms. Gallenagh updated the Executive Committee on the status of DSCSA implementation and the traceability pilots. Mr. Perry Fri (HDMA Executive Vice President, Industry Relations, Membership & Education) discussed the type of data which would be generated from these programs and questions regarding data ownership. An Executive Committee Task Force consisting of Mr. Jon Giacomin and Mr. Dale Smith (H.D. Smith Holding Company) and Mr. Mark Walchirk (McKesson Corporation) will work with Mr. Fri to investigate the potential business opportunity for HDMA.

6. Reimbursement – Mr. Kelly provided an update on the final AMP rule. HDMA members achieved their objectives, particularly the exclusion of bona fide service fees.

7. DEA Waste Rule – Mr. Kelly provided an update on the DEA proposal to regulate pharmaceutical waste. HDMA filed significant comments raising concerns, particularly as the proposed rule would apply to reverse distributors and the challenge of dealing with unique state rules.

IV. **PAC PRESENTATION (Executive Committee Meeting Materials, Page 77-80).** Mr. Kelly provided an update on the status of the HDMA PAC.

V. **DASHBOARD REVIEW (Executive Committee Meeting Materials, Tab D).** Messrs. Kelly and Fri drew the Executive Committee's attention to the Issues Dashboard. There are only minor modifications.

VI. **CENTER FOR HEALTHCARE SUPPLY CHAIN RESEARCH (Executive Committee Meeting Materials, Tab E).** Ms. Karen Ribler (Executive Vice President & COO, Center for Healthcare Supply Chain Research) provided an update on Center

activities. The CEO Roundtable is scheduled for April 12th in New York City. Genentech CEO Ian Clark will be the speaker.

Ms. Ribler discussed the 2016 Nexus Award, including the recommendation that Mike McBride, Vice President, Upsher-Smith Laboratories, be honored.

Action: On motion duly made and seconded, the Executive Committee unanimously approved giving the Nexus Award to Mr. McBride.

Ms. Ribler reported that the Center Board has recommended Steve O'Dowd (Eisai, Inc.) be elected to the Center Board.

Action: On motion duly made and seconded, the Executive Committee unanimously approved Mr. O'Dowd becoming a member of the Center Board.

VII. **HDMA REBRANDING (Executive Committee Meeting Materials, Tab F and Handout).** Mr. John Parker (HDMA Senior Vice President, Communications) provided an update on the change in the Association's name to Healthcare Distribution Alliance. (HDA) Mr. Parker discussed the launch strategy and timing. At the June 12, 2016 Board/Membership Meeting, proposals to amend the Articles of Incorporation and By-Laws will be considered. Assuming approval, the new name will be formally announced at the BLC on June 13, 2016.

VIII. **CONFERENCES ((Executive Committee Meeting Materials, Tab G).** Mr. Fri briefly discussed the upcoming DMC and ABMM. Several members recommended that staff explore ways to reduce the length of the Executive Committee meetings when they are immediately before a Board meeting to avoid repetitive agenda items and to reduce the staff reporting at the Board meetings and make the Board meetings more interactive.

IX. **FINANCIAL/GOVERNANCE MATTERS (Executive Committee Meeting Materials, Tab H).**

A. Ms. Ann Bittman (HDMA Executive Vice President & COO) presented the unaudited financial statements. The Association ended 2015 with an operating deficit of $309,920 versus a budgeted deficit of $486,084. The improvement was largely due to the success of the IPDC in Brussels and the Traceability Seminar. Operating revenues and expenses were in line with the budget. Sponsorship revenue was 8.4% below the original budget. Payroll and benefits were 2.5% over budget due to the addition of a new State Affairs employee and upgraded another State Affairs position. Legal fees were $154,000 higher than budget due to two unbudgeted *amicus curiae* briefs and additional spending for the traceability regulation implementation. Travel and entertainment, state lobbying fees, production expenses, and speaker fees were all lower than budgeted. The reserve fund as of December 31, 2015, stood at $11.13 million, which is well above the target level of six months' operating expenses. The final audited financial statement for 2015 will be discussed by the Audit Committee on March 18, 2016, with a final report being delivered at the June 12, 2016 Board Meeting.

B. **Membership Report.** Mr. Fri reported that distributor membership remains stable at 34 with the addition of Seacoast Medical. Manufacturing and allied membership is down slightly due primarily to industry consolidation.

C. **New Executive Committee Members.** President Gray circulated a list of candidates to join the Executive Committee beginning June 1 2016, at which time the terms of Messrs. Ken Couch (J M Smith Corporation) and Dave Moody (Mutual Wholesale Drug Company) end. Discussion ensued.

Action: On motion duly made and seconded, the Executive Committee approved Ms. Maria Burns, Vice President, Burlington Drug Company, Inc., and Mr. Greg Drew, President, Value Drug Company, to join the Executive Committee.

There being no further business, the meeting was adjourned.

Prepared by:

Richard L. Frank, Counsel
Dated: March 12, 2016

Approved by:

Ann W. Bittman, HDMA Secretary
Dated: March 14, 2016

Minutes of the
HDMA Executive Committee Meeting
The Broadmoor
Colorado Springs, Colorado
June 12, 2016

ATTENDANCE:

HDMA Executive Committee Members:

Ted Scherr (Chairman)	President/CEO, Dakota Drug, Inc.
Jon Giacomin (Vice Chairman)	Chief Executive Officer, Pharmaceutical Segment, Cardinal Health, Inc.
Maria Burns	Vice President, Burlington Drug Company, Inc.
Greg Drew	President, Value Drug Company
John Gray	President and CEO, HDMA
Robert Mauch	Executive Vice President & President, AmerisourceBergen Drug Corp., AmerisourceBergen Corporation
Dale Smith	Chairman and CEO, H.D. Smith Holding Company
Mark Walchirk	President, US Pharmaceutical, McKesson Corporation

HDMA Staff:

Ann Bittman	Executive Vice President & COO, Secretary
Perry Fri	Executive Vice President, Industry Relations, Membership & Education
Patrick Kelly	Executive Vice President, Government Affairs
Elizabeth Gallenagh, Esq.	Senior Vice President, Government Affairs and General Counsel
John Parker	Senior Vice President, Communications

Outside Legal Counsel:

Arthur Tsien, Esq.	Olsson Frank Weeda Terman Matz PC

PROCEEDINGS:

I. **Welcome And Administrative Matters.** Chairman Ted Scherr (President/CEO, Dakota Drug, Inc.) called the duly-noticed meeting to order at 10:30 am and welcomed all attendees, including, in particular, new members Maria Burns (Vice President, Burlington Drug Company, Inc.) and Greg Drew (President, Value Drug Company).

A. **Approval of Prior Meeting Minutes (Executive Committee Meeting Materials, Pages 4-9).** Counsel Arthur Tsien (OFW Law, HDMA outside counsel) drew the Executive Committee's attention to the minutes of the February 18, 2016 Executive Committee meeting.

Action: On motion duly made and seconded, the minutes of the February 18, 2016 Executive Committee meeting were approved.

B. **Antitrust Policy Review (Executive Committee Meeting Materials, Page 10).** Mr. Tsien reminded the Executive Committee of HDMA's unqualified policy of strict compliance with both federal and state antitrust laws. He noted that the agenda and background materials had been reviewed in advance and raised no competitive concerns. He stated that he will monitor the meeting and, if necessary and appropriate, interrupt proceedings if topics or conversations raised concerns regarding antitrust compliance.

II. **West Virginia Impact (Executive Committee Meeting Materials, Pages 12-16).** Following a brief introduction by President and CEO John Gray, Ms. Elizabeth Gallenagh (Senior Vice President, Government Affairs and General Counsel) and Mr. John Parker (Senior Vice President, Communications) led a discussion on whether and how HDMA should be prepared to respond to negative media impact and misinformation regarding the role of drug distributors in the abuse of prescription opioids, whether in connection with ongoing West Virginia litigation or possible similar litigation in other states. Following discussion, there was general agreement that HDMA should reconstitute its Working Group to further study this issue and report back to the Executive Committee.

III. **GTIN Database Proposal (Executive Committee Meeting Materials, Pages 17-25).** Mr. Perry Fri (Executive Vice President, Industry Relations, Membership & Education) summarized the status of the Industry Master Database Project. RFPs have been shared with three potential vendors. The goal is to make a presentation to the Executive Committee on the business case for HDMA to take a leadership role, possibly using the HDMA Service Corporation as a vehicle. Discussion occurred through Mr. Fri's presentation. There was general agreement that this project could be a "natural fit" for HDMA and a significant revenue source.

IV. **Pharmaceutical Cargo Security Coalition (PCSC) Possible Acquisition (Executive Committee Meeting Materials, Pages 26-28).** Mr. Fri discussed the possibility of bringing PCSC into HDMA. HDMA staff are exploring options. Discussion followed.

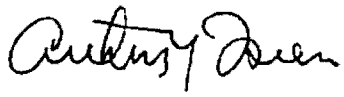
V. **Oregon Ballot Initiative (Executive Committee Meeting Materials, Pages 29-42).** Mr. Patrick Kelly (Executive Vice President, Government Affairs) discussed the Oregon ballot initiative regarding a gross receipts tax. HDMA has joined a broad-based industry coalition to oppose the initiative. HDMA has already contributed $25k to the coalition. Following discussion, there was general agreement that HDMA will contribute another $25k; member companies will make their own independent decisions regarding contributions.

VI. **Specialty Pharmaceuticals And Wholesale Distribution**. Mr. Gray led a discussion regarding apparent changes in the distribution model for specialty pharmaceutical products. Following discussion, there was general agreement that staff will consider the issue further, including possible individual discussions with Executive Committee members. The goal is to report back to the Executive Committee in September 2016 regarding how HDMA should engage this issue, if at all.

* * *

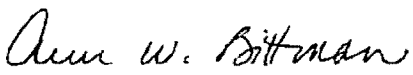
There being no further business, the meeting was adjourned at 12:15 pm.

Prepared by:



Arthur Y. Tsien, Counsel
Dated: July 18, 2016

Approved by:



Ann W. Bittman, HDMA Secretary
Dated: July 18, 2016

Minutes of the
HDA Executive Committee Meeting
The Greenbrier
White Sulphur Springs, WV
September 25, 2016

ATTENDANCE:
HDA Executive Committee Members Present:

Jon Giacomin (Vice Chairman)	Chief Executive Officer, Pharmaceutical Segment, Cardinal Health, Inc.
Maria Burns	Vice President, Burlington Drug Company, Inc.
Greg Drew	President, Value Drug Company
John Gray	President and CEO, HDA
Robert Mauch	Executive Vice President & President, AmerisourceBergen Drug Corp., AmerisourceBergen Corporation
Dale Smith	Chairman and CEO, H.D. Smith Holding Company

HDA Executive Committee Members Absent:

Ted Scherr (Chairman)	President/CEO, Dakota Drug, Inc.
Mark Walchirk	President, US Pharmaceutical, McKesson Corporation

HDA Staff:

Ann Bittman	Executive Vice President & COO, Secretary/Treasurer
Perry Fri	Executive Vice President, Industry Relations, Membership & Education
Patrick Kelly	Executive Vice President, Government Affairs
Elizabeth Gallenagh, Esq.	Senior Vice President, Government Affairs and General Counsel
John Parker	Senior Vice President, Communications
Karen Ribler	Executive Vice President and COO, HDA Research Foundation

Outside Legal Counsel:

Richard L. Frank, Esq.	Olsson Frank Weeda Terman Matz PC (OFW Law)

PROCEEDINGS:

I. **WELCOME AND ADMINISTRATIVE MATTERS.** Vice Chairman Jon Giacomin (Pharmaceutical Segment, Cardinal Health, Inc.), sitting in for Chairman Ted Scherr (Dakota Drug, Inc.), called the duly-noticed meeting to order at 3:00 pm and welcomed all attendees to the Annual Board and Membership Meeting. He briefly reviewed the agenda and schedule.

A. **Approval of Prior Meeting Minutes (Executive Committee Meeting Materials, Pages 4-6).** Counsel Richard L. Frank (OFW Law, HDA outside counsel) drew the Executive Committee's attention to the minutes of the June 12, 2016 Executive Committee meeting.

Action: On motion duly made and seconded, the minutes of the June 12, 2016 Executive Committee meeting were approved.

B. **Antitrust Policy Review (Executive Committee Meeting Materials, Page 7).** Outside Counsel Frank reminded the Executive Committee of HDA's unqualified policy of strict compliance with both federal and state antitrust laws. He noted that the agenda and background materials had been reviewed in advance and raised no competitive concerns. He stated that he will monitor the meeting and, if necessary and appropriate, interrupt proceedings if topics or conversations raised concerns regarding antitrust compliance.

C. **Legal Update (Executive Committee Meeting Materials, Pages 14-21).** Counsel Frank drew the Executive Committee's attention to the Legal Issues report, which will be discussed in greater detail during the Board meeting. He did provide an update on the government's prosecution of FedEx where, on June 16, 2016, government prosecutors moved for dismissal of all charges. The District Court judge granted the Motion to Dismiss, concluding that FedEx was "factually" innocent. In July 2016, Reuters reported that the U.S. Department of Justice had begun an internal investigation of the prosecution. Counsel Frank also provided a brief update of the *In Re: Masters Pharmaceuticals* matter where HDA has filed an *amicus curiae* brief challenging DEA's handling of the matter on a procedural basis. Briefing was completed on June 28, 2016, and oral argument has not yet been scheduled.

II. **FINANCE AND GOVERNANCE MATTERS (EXECUTIVE COMMITTEE MEETING MATERIALS, TAB A, PAGES 17-26).**

A. **Nomination of 2017 Officers (Executive Committee Meeting Materials, Page 18).** President John Gray reported that the Nominating Committee had selected Jon Giacomin for Chair and Dale Smith (H.D. Smith Holding Company) for Vice Chair.

Action: On motion duly made and seconded, the Executive Committee unanimously approved recommending the slate of Jon Giacomin and Dale Smith to the Board for approval.

B. **Foundation CEO Roundtable.** President Gray announced that Ms. Karen Ribler (Executive Vice President and COO, HDA Research Foundation (Foundation)) will be retiring effective October 1, 2016. He thanked Ms. Ribler for her many years of service and the wonderful contribution she has made to the Foundation. Mr. Perry Fri (Executive Vice President, Industry Relations, Membership & Education) will take over staff leadership of the Foundation as Executive Vice President and COO, HDA Research Foundation.

C. **2017 Budget (Executive Committee Meeting Materials, Pages 20-26).** Ms. Ann Bittman (HDA Executive Vice President & COO, Secretary/Treasurer) presented the proposed budget for 2017. Proposed operating revenue is $13.684 million, which represents an increase of 2.3% over 2016. Proposed budgeted operating expenses are $13.941 million, which is an increase of 2.3%. The proposed operating deficit is $256,000, which is $88,000, or 25.5% lower than the deficit previously approved by the Executive Committee as part of HDA's five-year budget plan. Ms. Bittman reviewed the assumptions underlying operating income, including a 4.5% increase in dues revenue. She also reviewed the assumptions underlying expenses, including a 1.2% increase in payroll and benefits, a 4.2% decrease in travel and entertainment, with office expenses and professional fees flat versus 2016. Meeting expenses would rise 10% due, in large part, to a reduction in hotel room rebates.

Executive Vice President Bittman discussed the proposed budget for the reserve fund, where net spending is budgeted at $828,000. The proposed capital budget for 2017 is modest at $80,000, down 31% from 2016.

Discussion ensued.

Action: On motion duly made and seconded, the proposed budget for 2017 was unanimously approved.

III. **SPECIALTY PHARMACEUTICALS AND WHOLESALE DISTRIBUTION (Executive Committee Meeting Materials, Tab B, Pages 27-29).** President Gray provided background -- at the June meeting, it was suggested that staff conduct individual discussions with Executive Committee members regarding the current direction and challenges associated with specialty pharmaceutical distribution. Individual discussions were held with six of the seven Executive Committee members. Individual companies had somewhat different perspectives on the direction of specialty distribution. Staff recommended that the Executive Committee consider potential research to be conducted by the Foundation designed to: (a) define the value of specialty services provided by traditional full line distributors, and (b) conduct a survey to determine what drives manufacturer decisions to choose one of the many options for bringing specialty pharmaceuticals to market.

Discussion ensued. The Executive Committee asked staff to recirculate the 2015 study of the specialty marketplace conducted by the Foundation and to empanel a task force composed of three Executive Committee members and two or three members from the Board to explore potential research.

IV. **PHARMACEUTICAL CARGO SECURITY COALITION (PCSC) (EXECUTIVE COMMITTEE MEETING MATERIALS, TAB C, PAGES 31-35).** Mr. Fri discussed a proposal for HDA to bring the PCSC within the association. Currently, the voluntary organization is run by Chuck Forsaith of Purdue Pharma and has approximately 1,500 individual members who share information about cargo security. The objective would be to integrate functions of PCSC under the HDA umbrella to extend the continuity of its service and leverage PCSC resources to provide greater value to HDA members.

Discussion ensued. Executive Committee members concluded that the mission and purpose of PCSC was essential and a good fit for HDA. Revenue models would need to be explored, as well as potential amendments to the HDA By-Laws to facilitate a new membership category. Staff was asked to develop a business case scenario along with draft By-Law amendment language.

V. **WASHINGTON UPDATE.** Mr. Patrick Kelly (Executive Vice President, Government Affairs) presented a brief update on recent activities before Congress and federal agencies, including several hearings on drug pricing. Mr. Kelly indicated that distributors were, for the most part, not implicated during the hearings.

VI. **GTIN DATABASE PROPOSAL (EXECUTIVE COMMITTEE MEETING MATERIALS, HANDOUT).** Mr. Fri provided an overview of a proposed project whereby HDA would participate in a joint venture to create and make available a GTIN Database. The DSCSA will require the development and availability of this information and the Traceability Implementation Work Group (TIWG) has recommended HDA play a central role. The purpose would be to create an easy-to-use central repository for the GTIN and other information about a manufacturer's drug product to facilitate the exchange of accurate data necessary to implement and comply with the Drug Supply Chain Security Act (DSCSA). The HDA Service Corporation (a for-profit entity) would be involved, along with the proposed vendor ValueCentric.

Mr. Fri introduced Cam Hall, Drew Neil, and Dave Janka (by telephone) who described ValueCentric and their proposal for creating a partnership with the HDA Service Corporation. Mr. Fri noted that HDA had issued an RFP in June and staff, along with the TIWG, favored ValueCentric. ValueCentric representatives discussed a proposed business model, including a revenue share and timeline.

After the ValueCentric representatives departed, the Executive Committee discussed the proposal, which was generally supported. Questions were raised about ValueCentric's $1.38 million breakeven estimate, along with the revenue share of 25%/75%. Mr. Fri noted that those figures came from ValueCentric and that HDA had not yet commenced negotiations. Mr. Fri also noted that a GTIN Database would be necessary and it only made sense for HDA to participate and for the HDA Service Corporation to benefit from the revenue.

Action: On motion duly made and seconded, the Executive Committee authorized staff to develop a term sheet for further discussion with ValueCentric; any contract between the HDA Service Corporation and ValueCentric would be subject to approval by the Executive Committee.

Counsel Frank recommended that any contract between the HDA Service Corporation and ValueCentric fully and completely indemnify HDA and the HDA Service Corporation.

* * * * *

SPECIAL SESSION

On September 26, 2016, following the Annual Meeting of Members and Board of Directors Meeting, four members of the Executive Committee met with staff to discuss contributing an additional $50,000 to the "Defeat the Tax on Oregon Sales" effort. Messrs. Giacomin, Mauch (AmerisourceBergen Corporation), Drew (Value Drug Company) and Smith were in attendance.

Action: On motion duly made and seconded, the Executive Committee instructed staff to contribute an additional $50,000 to the "Defeat the Tax on Oregon Sales" effort.

There being no further business, the meeting was adjourned.

Prepared by:

Richard L. Frank, Counsel
Dated: October 19, 2016

Approved by:

Ann W. Bittman, HDA Secretary
Dated: October 21, 2016

Minutes of the
HDA Executive Committee Meeting
The Lodge at Pebble Beach
Pebble Beach, CA
February 22, 2017

ATTENDANCE:

HDA Executive Committee Members Present:

Jon Giacomin (Chairman)	Chief Executive Officer, Pharmaceutical Segment, Cardinal Health, Inc.
Dale Smith (Vice Chairman)	Chairman and CEO, H.D. Smith Holding Company
Paul Dickson	President, Morris & Dickson Co., LLC
Greg Drew	President, Value Drug Company
John Gray	President and CEO, HDA
Robert Mauch	Executive Vice President & President, AmerisourceBergen Drug Corp., AmerisourceBergen Corporation
Ted Scherr	President/CEO, Dakota Drug, Inc.
Mark Walchirk (by telephone)	President, US Pharmaceutical, McKesson Corporation

HDA Staff:

Ann Bittman	Executive Vice President & COO, Secretary/Treasurer
Perry Fri	Executive Vice President, Industry Relations, Membership & Education and COO, HDA Research Foundation
Patrick Kelly	Executive Vice President, Government Affairs
Elizabeth Gallenagh	Senior Vice President, Government Affairs and General Counsel
John Parker	Senior Vice President, Communications
Brooke Naylor	Senior Vice President, Meetings and Conferences

Outside Legal Counsel:

Richard L. Frank, Esq.	Olsson Frank Weeda Terman Matz PC (OFW Law)

Guest:

Robert Schooling	Founder and President, Reservoir Communications Group

PROCEEDINGS:

I. **WELCOME AND ADMINISTRATIVE MATTERS.** Chairman Jon Giacomin (Cardinal Health, Inc.) called the duly-noticed meeting to order at 7:00 am and welcomed all attendees to the Executive Committee meeting. A special welcome went to Paul Dickson, the newest member of the Executive Committee. Chairman Giacomin and President Gray (HDA President and CEO) briefly reviewed the agenda and schedule.

A. **Approval of Prior Meeting Minutes (Executive Committee Meeting Materials, Pages 5-9).** Counsel Richard L. Frank (OFW Law, HDA outside counsel) drew the Executive Committee's attention to the minutes of the September 25, 2016 Executive Committee meeting.

Action: On motion duly made and seconded, the minutes of the September 25, 2016 Executive Committee meeting were approved.

B. **Antitrust Policy Review (Executive Committee Meeting Materials, Page 4).** Outside Counsel Frank reminded the Executive Committee of HDA's unqualified policy of strict compliance with both federal and state antitrust laws. He noted that the agenda and background materials had been reviewed in advance and raised no competitive concerns. He stated that he will monitor the meeting and, if necessary and appropriate, interrupt proceedings if topics or conversations raised concerns regarding antitrust compliance.

C. **Legal Update (Executive Committee Meeting Materials, Pages 10-15).** Outside counsel Frank drew the Executive Committee's attention to the Legal Issues report and highlighted the following items:

1. In *U.S. ex rel. Streck v. Allergan, Inc., et al.*, all discount defendants have reached a settlement with the relator. Streck has appealed the District Court's 2012 Order dismissing the service fee defendants from the case. A question remains as to whether the District Court issued a final order allowing an appeal to the Third Circuit. We expect full briefing before the Third Circuit during 2017.

2. In *In re Masters Pharmaceuticals, Inc.*, the case was argued before a three-judge panel of the D.C. Circuit on January 2, 2017. Counsel for Masters presented several of the arguments from HDA's *amicus brief* during the argument. A decision is expected in mid-2017.

3. In the OptumRx matter, HDA, along with NCPA and NACDS, expressed their concerns that OptumRx would only do business with VAWD-certified wholesalers. On November 4, 2016, the Association of Independent Pharmaceutical Wholesalers (AIPW) filed a Complaint in the U.S. District Court for the District of Columbia against OptumRx, HHS, and CMS alleging that the defendants were excluding secondary wholesalers from the marketplace. AIPW recently filed an amended Complaint including a list of its members and a description of the harm.

4. Regarding *FWK Holdings, L.L.C. v. Actavis Elizabeth, LLC, et al.*, HDA has received a subpoena in this private drug price-fixing litigation seeking information about meetings attended by various generic drug manufacturing defendants. HDA has also received a notice to retain documents and records in *In re Generic Digoxin and Doxycycline Antitrust Litigation* similarly involving allegations against generic manufacturers.

5. Opioid-related litigation continues in West Virginia and has spread to McDowell County. In addition, the City of Everett, Washington has initiated a case against Purdue Pharma.

II. DISCUSSION ISSUES (Executive Committee Meeting Materials, Tab A).

A. Healthcare Policy Update (pages 19-24). Mr. Patrick Kelly (HDA Executive Vice President, Government Affairs) briefly discussed Congressional efforts under way to repeal and replace Obamacare, including the possibility of block grants to the states and potential negotiation between the federal government and drug manufacturers. There has also been some mention of permitting personal and commercial importation of drugs approved for non-U.S. markets. A discussion ensued regarding the best means of communicating to the government and public the role of distributors in the process, including the comparatively small costs contributed by the wholesale sector to healthcare.

Action: On motion duly made and seconded, the Executive Committee agreed to empanel a Task Force to facilitate the development of communication materials to explain the role and value of primary wholesale distributors in the supply chain.

B. Drug Abuse and Diversion (pages 25-54). Mr. John Parker (HDA Senior Vice President, Communications) provided an update on the highly inflammatory media environment regarding the role of wholesalers as well as the cases that have been brought in West Virginia. Mr. Robert Schooling (Reservoir Communications Group) discussed a proposal for the development and roll-out of a six-month Communications Program, explaining the role, in appropriate context, of the distributor.

Action: On motion duly made and seconded, $240,000 was approved for a six-month engagement of Reservoir Communications Group for message development and communications strategy.

C. Tax Reform (pages 55-72). Ms. Elizabeth Gallenagh, (HDA Senior Vice President, Government Affairs and General Counsel) noted that the recent election provides the best environment in years for federal tax reform. Budget reconciliation presents a potential vehicle for repeal of the Affordable Care Act as well as consideration of lower corporate rates, broader capital tax credits, and consideration of the border adjustability tax. HDA will continue to oppose LIFO repeal. Ms. Gallenagh also provided an update of a very active 2017 state legislative session.

D. Traceability Implementation (pages 73-84). Mr. Perry Fri (HDA Executive Vice President, Industry Relations, Membership & Education) discussed HDA's work on implementation of the Drug Supply Chain Security Act (DSCSA). Mr. Fri presented the HDA Saleable Returns Pilots Report. In the Report, the Traceability Pilots Work Group recommended two preferred methods for verification of saleable returns and now recommends further study of one of those methods, a verification router service. The Work Group has divided into two groups, one to develop the business and technical requirements of the router service and the other to consider structure and governance.

Action: On motion duly made and seconded, the Executive Committee approved $60,000 for KPMG LLC to assist with this project.

Mr. Fri also provided an update on the Saleable Returns Pilot Report.

III. **2017 PROJECTS (Executive Committee Meeting Materials, Tab B).**

A. **GTIN Database Project (pages 86-88).** Mr. Fri provided an update on discussions with ValueCentric to facilitate this joint venture. The signed term sheet was reviewed regarding a revenue share model. The project will be known as the HDA Origin Project. Discussion ensued.

Action: On motion duly made and seconded, the revenue-sharing model was approved. A final contract with ValueCentric will be circulated to the Executive Committee prior to execution.

B. **Pharmaceutical Cargo Security Coalition (PCSC) (pages 89-92).** Mr. Fri provided follow-up on the proposal to integrate cargo security issues and experts into HDA. The Executive Committee generally agreed integrating PCSC members would be a good fit. Mr. Fri provided a revenue model which showed a modest annual net income from such an integration. HDA Bylaws would need to be revised to facilitate cargo security members becoming allied members of HDA.

Action: On motion duly made and seconded, the Executive Committee recommended that the Board adopt the proposed Bylaws amendment (included on page 93) to add cargo security interests as a separate category under allied members.

C. **Specialty Pharmaceutical Distribution (pages 94-95).** Mr. Fri indicated that HDA had received four proposals as a follow-up to studying the different methods of distributing specialty pharmaceuticals.

Action: On motion duly made and seconded, the Executive Committee approved awarding the contract to Deloitte Consulting at a cost of $325,000.

IV. **PAC PRESENTATION (Executive Committee Materials, Tab C, Pages 96-99).** Mr. Kelly provided an update on the activities of the HDA PAC.

V. **ORGANIZATIONAL GOALS Executive Committee Materials, Tab D, Pages 100-106).** Mr. Gray reviewed the internal staff document focusing on organizational goals for 2017.

VI. **DASHBOARD REVIEW (Executive Committee Materials, Tab E, Pages 107-111).** Mr. Kelly reviewed the amendments to the HDA Dashboard.

VII. **HDA RESEARCH FOUNDATION (Executive Committee Materials, Tab F, Pages 112-118).** Mr. Fri announced that the Ninth Annual CEO Roundtable would be held April

4, 2017, at the St. Regis Hotel in New York. Ms. Marilyn Tavenner (AHIP) will be the featured speaker. A discussion of the 2017 Nexus Award ensued.

The Executive Committee reaffirmed its previous decision to give the award to Mr. Michael McBride (Upsher-Smith Laboratories, Inc.)

VIII. **CONFERENCES (Executive Committee Materials, Tab G, Pages 116-118).** Mr. Fri discussed upcoming conferences, especially the feedback received from a recent survey on the Annual Board and Membership Meeting (ABMM).

IX. **FINANCIAL/GOVERNANCE MATTERS (Executive Committee Meeting Materials, Tab H, Pages 119-131).** Ms. Ann Bittman (HDA Executive Vice President & COO, Secretary/Treasurer) discussed the unaudited financial statements for 2016. Results exceeded budget with an operating deficit of $184,000 versus a budgeted deficit of $476,000. Operating revenues were $13.48 million, which was $234,000 over the original budget and $57,000 higher than projection. Operating expenses were $13.66 million, which were $57,000 lower than the original budget and $100,000 higher than projection. Ms. Bittman briefly described revenue and expense variances of note (see pages 120 and 121).

The reserve fund had an investment gain of $739,000 for the year versus budgeted investment income of $100,000. The balance in the reserve fund as of December 31, 2016 was $9.8 million, significantly above the target level of six months' operating expenses.

Financial forecasts for 2017 through 2020 remain on track and currently do not include any potential income from the GTIN/ValueCentric Project or the new cargo security members.

Membership Report. Mr. Fri provided an update on membership. An application has been received from Masters Pharmaceutical. Their application and Mr. Fri's in-person visit suggest compliance with the HDA Bylaws and membership guidelines.

Reserved Fund Investment Advisor. Mr. Scherr, Chairman of the Investment Advisory Committee, discussed the performance and costs of Morgan Stanley. The Investment Advisory Committee has recommended moving the funds to Fidelity.

Action: On motion duly made and seconded, the Executive Committee approved moving the reserve funds to Fidelity.

There being no further business, the Executive Committee meeting was adjourned.

Prepared by:

Richard L. Frank, Counsel
Dated: April 7, 2017

Approved by:

Ann W. Bittman, HDA Secretary
Dated: April 10, 2017

Minutes of the
HDA Executive Committee Meeting
J.W. Marriott Desert Ridge
Phoenix, Arizona
June 11, 2017

ATTENDANCE:

HDA Executive Committee Members Present:

Jon Giacomin (Chairman)	Chief Executive Officer, Pharmaceutical Segment, Cardinal Health, Inc.
Dale Smith (Vice Chairman)	Chairman and CEO, H.D. Smith Holding Company
Paul Dickson	President, Morris & Dickson Co., LLC
Greg Drew (by telephone)	President, Value Drug Company
John Gray	President and CEO, HDA
Robert Mauch	Executive Vice President & President, AmerisourceBergen Drug Corp., AmerisourceBergen Corporation
Ted Scherr	President/CEO, Dakota Drug, Inc.

HDA Executive Committee Members Absent:

Mark Walchirk	President, US Pharmaceutical, McKesson Corporation

HDA Staff:

Ann Bittman	Executive Vice President & COO, Secretary/Treasurer
Perry Fri	Executive Vice President, Industry Relations, Membership & Education and COO, HDA Research Foundation
Patrick Kelly	Executive Vice President, Government Affairs
Elizabeth Gallenagh	Senior Vice President, Government Affairs and General Counsel
John Parker	Senior Vice President, Communications

Outside Legal Counsel:

Richard L. Frank, Esq.	Olsson Frank Weeda Terman Matz PC (OFW Law)

Guests:

Clare Krusing, Director	Reservoir Communications Group
Robert Schooling, Founder and President	Reservoir Communications Group
Matt Heim, Senior Manager	Deloitte Consulting LLP
R. Terry Hisey, Principal	Deloitte Consulting LLP
Rob Jacoby, Principal	Deloitte Consulting LLP

PROCEEDINGS:

I. **WELCOME AND ADMINISTRATIVE MATTERS.** Chairman Jon Giacomin (Cardinal Health, Inc.) called the duly-noticed meeting to order at 10:00 am and welcomed all attendees to the Business Leadership Conference (BLC). Chairman Giacomin and President John Gray (HDA President and CEO) briefly reviewed the agenda and BLC schedule.

A. **Approval of Prior Meeting Minutes (Executive Committee Meeting Materials, Pages 4-9).** Outside Counsel Richard L. Frank (OFW Law,) drew the Executive Committee's attention to the minutes of the February 22, 2017 Executive Committee meeting.

Action: On motion duly made and seconded, the minutes of the February 22, 2017 Executive Committee meeting were approved.

B. **Antitrust Policy Review (Executive Committee Meeting Materials, Page 10).** Outside Counsel Frank reminded the Executive Committee of HDA's unqualified policy of strict compliance with both federal and state antitrust laws. He noted that the agenda and background materials had been reviewed in advance and raised no competitive concerns. He stated that he will monitor the meeting and, if necessary and appropriate, interrupt proceedings if topics or conversations raised concerns regarding strict antitrust compliance.

C. **Legal Update (Board Meeting Materials, Pages 12-22).** Outside Counsel Frank explained that the full Legal Update would be provided to the Board. He did note that there were two significant trends dominating the legal landscape – federal and state investigations and lawsuits involving alleged generic drug price fixing and numerous state and local cases focusing on the costs associated with prescription drug abuse, particularly opioids.

II. **HDA RESEARCH FOUNDATION (Executive Committee Meeting Materials, Tab A, pages 12-13).** Mr. Perry Fri (HDA Executive Vice President, Industry Relations, Membership & Education and COO, Foundation) reported that the Foundation Nominating Committee recommended the following individuals be approved to sit on the Foundation Board:

Linda O'Neal, Vice President, Operations, CuraScript SD
Layne Martin, Vice President & General Manager, Supply Chain Solutions, McKesson Specialty Health
Jeffrey Foreman R.Ph., President, Smith Drug Company/President, Burlington Drug Company, Smith Drug Company, Div. of J.M. Smith Corporation
Hal Harrison, Executive Vice President and CEO, Mutual Wholesale Drug Company

Action: On motion duly made and seconded, the slate of Nominees was approved to serve on the Foundation Board.

III. **ADDITIONAL PARTICIPANTS AT HDA BOARD MEETINGS (Executive Committee Meeting Materials, Tab B, pages 14-15).** President Gray proposed that each Board member attending a Board meeting be permitted to bring up to two additional senior staff for the purpose of learning and listening and, where appropriate, called upon to participate. These individuals would be non-voting and would not constitute a substitute for the designated Board member. Mr. Gray noted that many of these government affairs and/or communications professionals would benefit from hearing the Board discussion and, where appropriate, could assist in providing useful information and views to the full Board.

A discussion ensued.

Action: On motion duly made and seconded, the Executive Committee recommended that the Board permit up to two additional senior staff to accompany Board members attending Board meetings where these individuals would only attend for the "Discussion Issues" portion of the meeting, be non-voting and would not be considered a substitute for the Board member.

IV. **MEMBERSHIP ISSUES (Executive Committee Meeting Materials, Tab C, pages 16-17). Following up on discussion form the February 22, 2017 HDA Executive Committee meeting,** Mr. Fri indicated that staff believed there was a need to clarify and freshen up the membership application and review process, including Bylaw provisions. Mr. Fri discussed how Article III, A.6. of the Bylaws set forth the basic requirements for membership. The Executive Committee and Board have adopted guidelines to facilitate the implementation of this section.

Discussion ensued.

The Executive Committee decided to empanel a Task Force consisting of Messrs. Giacomin, Dale Smith (H.D. Smith Holding Company), Robert Mauch (AmerisourceBergen Drug Corp., AmerisourceBergen Corporation) and Paul Dickson (Morris & Dickson Company) to consider possible changes to the Bylaws and guidelines. The Task Force will report back to the full Executive Committee at its next meeting in September.

V. **HDA ORIGIN CONTRACT FINALIZATION (Executive Committee Meeting Materials, Tab D. pages 21-24 and Handout).** Mr. Fri provided background on the need for the industry to develop a method for identifying GTIN data for purposes of compliance with the DSCSA. The HDA Executive Committee, , decided to pursue an agreement with ValueCentric to facilitate this project. The draft contract between the parties was circulated to the Executive Committee for review. It is a 10-year agreement with the opportunity for a 5-year renewal. HDA would own the data; ValueCentric would own the technology and process. There would be no direct HDA financial investment. The contract spells out the revenue share, audit rights and calls for an Oversight Committee. A beta test is currently ongoing. Mr. Fri indicated that GDSN was considered too complex to help industry meet the FDA deadlines. However, ultimately, a goal could be for the Origin project to be GDSN compliant.

A discussion ensued.

Action: On motion duly made and seconded, the principles set forth in the June 9, 2017 draft contract were approved.

Mr. Mauch suggested that HDA identify staff responsibilities along with those that would be given to ValueCentric. He also suggested the staff consider whether it has sufficient resources to meet this new obligation.

VI. **SPECIALTY PHARMACEUTICAL DISTRIBUTION STUDY (Executive Committee Meeting Materials, Tab E, pages 25-46).** Mr. Fri drew the Executive Committee's attention to the Specialty Distribution Channel Analysis prepared by Deloitte (draft version). The study is designed to assess the landscape and changes taking place in the specialty pharmaceutical industry and the distribution of these products. The principal focus is on how decision making is made by specialty pharmaceutical manufacturers in selecting the best means to get to market. The study also focused generally on means of enhancing services offered by individual distributors.

Representatives from Deloitte, including Mr. Jacoby, Mr. Hisey, and Mr. Heim, presented the top line findings and responded to member inquiries.

Following discussion, the Executive Committee decided to individually further review the study findings and include the item on the agenda for the September meeting to decide on appropriate next steps.

VII. **PUBLIC RELATIONS CAMPAIGN AND INDUSTRY VALUE PROPOSITION (Executive Committee Materials, Tab F, pages 47-54 and Handout).** Mr. John Parker (HDA Senior Vice President, Communications) outlined the challenges faced by the pharmaceutical distribution industry with particular focus on prescription drug abuse. Challenges include activities at the federal, state and local levels and a significant amount of press attention. The Executive Committee had concluded that distributors needed to better articulate their role in the supply chain and the efforts currently be undertaken to curtail prescription drug diversion and abuse.

Mr. Parker introduced Mr. Robert Schooling and Ms. Clare Krusing from Reservoir Communications Group who presented the results of their initial study into the best means of communicating the role of the prescription drug distributor in addressing prescription drug abuse.

Discussion ensued.

The Executive Committee generally supported recommendations 2 through 5 but noted additional time and clarification would be needed with respect to recommendation 1. The committee requested that Reservoir come back with a more specific document, including strategic options, as soon as possible.

There being no further business, the Executive Committee meeting was adjourned.

Prepared by:

Richard L. Frank, Counsel
Dated: July 14, 2017

Approved by:

Ann W. Bittman, HDA Secretary
Dated: July 17, 2017

Minutes of the
HDA Executive Committee Meeting
The Montage Laguna Beach
Laguna Beach, CA
September 24, 2017

ATTENDANCE:

HDA Board Members

Present: Paul Dickson, President, Morris and Dickson, Co., L.L.C.
Greg Drew, President, Value Drug Company
Jon Giacomin, CEO, Pharmaceutical Segment, Cardinal Health, Inc. *(Chairman)*
John Gray, President and CEO, HDA
Robert Mauch, Group President, Pharmaceutical Distribution and Strategic Global Sourcing, AmerisourceBergen Corporation
Ted Scherr, President / CEO, Dakota Drug, Inc.
Dale Smith, Chairman and CEO, H. D. Smith Holding Company, H. D. Smith *(Vice Chairman)*
Mark Walchirk, President, US Pharmaceutical, McKesson Corporation *(via conference call)*

HDA Staff

Ann Bittman, Executive Vice President & COO
Perry Fri, Executive Vice President, Industry Relations, Membership & Education and COO, HDA Research Foundation
Elizabeth Gallenagh, Senior Vice President, Government Affairs and General Counsel
Patrick Kelly, Executive Vice President, Government Affairs
John Parker, Senior Vice President, Communications

Legal Counsel

Richard Frank, Esq., Olsson Frank Weeda Terman Matz

Guests

Clare Krusing, Director, Reservoir Communications Group
Robert Schooling, Founder and President, Reservoir Communications Group

PROCEEDINGS:

I. **WELCOME AND ADMINISTRATIVE MATTERS.** Chairman Jon Giacomin (Cardinal Health, Inc.) called the duly-noticed meeting to order at 3:00 pm and welcomed all attendees to the Annual Board and Membership Meeting (ABMM). Chairman Giacomin and Mr. John Gray (HDA President and CEO) briefly reviewed the agenda and ABMM schedule.

A. **Approval of Prior Meeting Minutes (Executive Committee Meeting Materials, Pages 4-8).** Outside Counsel Richard L. Frank (OFW Law,) drew the Executive Committee's attention to the minutes of the June 11, 2017 Executive Committee meeting.

Action: On motion duly made and seconded, the minutes of the June 11, 2017 Executive Committee meeting were approved.

B. **Antitrust Policy Review (Executive Committee Meeting Materials, Page 9).** Outside Counsel Frank reminded the Executive Committee of HDA's unqualified policy of strict compliance with both federal and state antitrust laws. He noted that the agenda and background materials had been reviewed in advance and raised no competitive concerns. He stated that he will monitor the meeting and, if necessary and appropriate, interrupt proceedings if topics or conversations raised concerns regarding strict antitrust compliance.

C. **Legal Update (Board Meeting Materials, Pages 11-18).** Outside Counsel Frank explained that the full Legal Update would be provided at the Board meeting. He did note a recent letter from counsel to HDA solution provider member TraceLink alleging antitrust violations in the development and implementation of the Origin Master Data Repository. Mr. Gray noted that the factual allegations in the complaint letter were incorrect and that HDA counsel is preparing a response to the letter complaint.

II. **FINANCIAL AND GOVERNANCE MATTERS (Executive Committee Meeting Materials, Tab A, Pages 11-22).**

A. **Nominations of 2018 Officers.** Mr. Gray reported that the Nominating Committee nominated Mr. Giacomin for a second one-year term as HDA Chairman and Mr. Dale Smith (H.D. Smith Holding Company) for a second one-year term as HDA Vice Chairman.

Action: On motion duly made and seconded, the Executive Committee unanimously approved the recommendation that the Board of Directors elect Messrs. Giacomin and Smith to second one-year terms as Chairman and Vice Chairman respectively.

B. **HDA Research Foundation (Executive Committee Meeting Materials, Page 13).** Mr. Perry Fri (HDA Executive Vice President, Industry Relations, Membership & Education and COO, HDA Research Foundation) reported that the target date for the annual CEO Roundtable is April 10, 2018, pending confirmation of a speaker.

C. **New HDA Research Foundation Board Members (Executive Committee Meeting Materials, Page 14).** One of the duties of the HDA Executive Committee is to elect new members of the Foundation Board. The Foundation has nominated Christopher Doerr, Vice President, Trade Relations, Teva Pharmaceuticals USA,

and Rich Tremonte, President, Strategic Global Sourcing, AmerisourceBergen Corporation.

Action: On motion duly made and seconded, the Executive Committee unanimously approved Messrs. Doerr and Tremonte to serve on the HDA Research Foundation Board.

D. **HDA Membership Criteria.** Mr. Fri reported that at its February meeting, there was Executive Committee discussion about HDA's active membership application, criteria, and review process. Staff has recommended relatively minor proposed revisions to HDA's Bylaws and application review process. The Executive Committee agreed in June to empanel a small Task Force to consider three key issues: 1) common ownership of distributor and pharmacies it serves; 2) primary versus secondary distribution with DSCSA in place; and 3) a regular review of membership criteria to ensure HDA is keeping pace with an evolving industry. Mr. Fri also noted that staff has recommended minor amendments to the Bylaws to enable a new category to facilitate integration of the Pharmaceutical Cargo Security Coalition.

Discussion ensued. The Board of Directors will consider the minor amendments to the Bylaws.

E. **2018 Budget (Executive Committee Meeting Materials, Pages 16-22).** Ms. Ann Bittman (HDA Executive Vice President and COO) presented the proposed 2018 budget. Proposed revenue is $14.8 million, which is a 10.3% increase over 2017 projected revenue. Proposed operating expenses are $14.77 million, which is an increase of 6.6% over 2017 projected spending. The proposed operating budget reflects a surplus of $32,337, which is consistent with the five-year budget plan approved by the Executive Committee in 2015. The proposed 2018 budget relies on the success of the HDA Origin Master Data Repository and incorporating and monetizing the Pharmaceutical Cargo Security Coalition. The proposed budget does not include any funding for the public relations campaign addressing industry reputation and fighting opioid abuse. Funding for that program, if approved, would come from either a member assessment, from reserves or a combination of the two.

Ms. Bittman noted that the 2018 budget includes a 5.1% increase in distributor member dues as a result of the increase in the dues cap from $1.4 million to $1.5 million for 2018 and a 5.2% increase in manufacturer dues as a result of the increase in the non-capped manufacturer dues rates.

Action: On motion duly made and seconded, the Executive Committee approved the proposed 2018 budget.

Ms. Bittman reported that the reserve fund, currently standing at $10.1 million, will likely fall to approximately $8 million by the end of the year due to reserve fund spending. This remains consistent with the Association's policy of maintaining at least 50% of operating expenses in the reserve fund.

III. PUBLIC RELATIONS CAMPAIGN (Executive Committee Materials, Tab B, Pages 23-81 and Handouts).

A. **Addressing Industry Reputation and Fighting Opioid Abuse.** Mr. John Parker (HDA Senior Vice President, Communications) presented an update on activities since the Executive Committee's last meeting. Reservoir Communications' assistance in responding to stories about the opioid abuse epidemic and the role of supply chain members had been extended through the end of September. At its last meeting, the Executive Committee had agreed to consider a proposal from Reservoir for HDA to accelerate its media, partnership, and communications programs to place the role of the distributor in proper perspective and to assist/lead the supply chain in fighting opioid abuse.

Mr. Robert Schooling (Founder and President, Reservoir Communications Group) presented a proposal entitled "Delivering Solutions: Industry Reputation and Opioid Abuse." He recommended a solutions-based platform that included common sense solutions. He introduced the concept of RDRx (Reduce Dispose Rx). The program would include both national and targeted state initiatives.

Discussion ensued. There was widespread agreement that the industry needs to undertake this type of program with HDA leadership.

Action: On motion duly made and seconded, the Executive Committee recommended that the Board consider and approve the following motion:

1. HDA should take a more proactive/leadership role in developing and implementing a communications program to address the opioid abuse crisis;

2. The message should be reviewed and, if necessary, revised to capture the plan of the distribution chain as led by HDA;

3. Other members of the distribution chain, particularly at the dispensing and prescribing levels, should be approached to partner with HDA in sponsoring and disseminating the message;

4. HDA should commit to fund this communications program. The funding for 2018 will be determined by the Executive Committee in early October. Funding for future years will be determined on an annual basis;

5. A timeline will be established for how HDA will move forward with the Reservoir proposal;

6. Reservoir should be retained as the communications vendor;

7. The Executive Committee as a whole will act as the Steering Committee for the Program.

There being no further business, the Executive Committee meeting was adjourned.

Prepared by:

Richard L. Frank, Counsel
Dated: October 25, 2017

Approved by:

Ann W. Bittman, HDA Secretary
Dated: October 25, 2017

Minutes of the
HDA Executive Committee Conference Call Meeting
November 20, 2017

ATTENDANCE:

HDA Executive Committee Members:

Present:

Jon Giacomin (Chairman)	Chief Executive Officer, Pharmaceutical Segment, Cardinal Health, Inc.
Dale Smith (Vice-Chairman)	Chairman and CEO, H.D. Smith Holding Company
Paul Dickson	President, Morris & Dickson Co., L.L.C.
Greg Drew, RPh	President, Value Drug Company
Nick Loporcaro	President, McKesson US Pharmaceutical & McKesson Specialty Health, McKesson Corporation
Robert Mauch	Group President, Pharmaceutical Distribution and Strategic Global Sourcing, AmerisourceBergen Corporation
John Gray	Ex-Officio and President and CEO, HDA

Absent:

Ted Scherr	President/CEO, Dakota Drug, Inc.

HDA Staff:

Ann Bittman	Executive Vice President & COO, Secretary/Treasurer
Perry Fri	Executive Vice President, Industry Relations, Membership & Education
Patrick Kelly	Executive Vice President, Government Affairs
Elizabeth Gallenagh, Esq.	Senior Vice President, Government Affairs and General Counsel
John Parker	Senior Vice President, Communications
Kristen L. Freitas	Vice President, Federal Government Affairs

Outside Legal Counsel:

Richard L. Frank, Esq.	Olsson Frank Weeda Terman Matz PC

Guests:

John Hammergren	Chairman and CEO, McKesson Corporation
Robert Schooling	Reservoir Communications Group

INTRODUCTION:

HDA President John Gray called the duly-scheduled conference call meeting of the Executive Committee to order at 3:00 pm. The Committee had agreed to once-per-month calls for updates on various matters, including the Opioid Abuse Prevention Education and Communications Program.

OPIOID ABUSE PREVENTION EDUCATION AND COMMUNICATIONS PROGRAM UPDATE

Robert Schooling, Founder and President of Reservoir Communications Group, provided an update on the status of the communications plan. In response to Executive Committee member recommendations, various names for branding the communications program were considered. Following discussion, there was general consensus that "Allied Against Opioid Abuse" would be the name of the program.

The plan calls for commencing initiatives in six states. Following discussion, it was agreed that the program would begin in Connecticut, Florida, Minnesota, Ohio, Pennsylvania, and Tennessee.

Mr. Schooling reported that partner outreach has commenced with good progress. A large number of other non-profits and industry groups have been contacted regarding participation and partnership.

The proactive media engagement continues. Plans are being made to respond to a potential follow-up story at 60 Minutes/Washington Post.

A new HDA blog addressing the fight against opioid abuse has launched. The blog will also serve as a platform for keeping the facts accurate.

EDUCATION AND COMMUNICATIONS CAMPAIGN BUDGET/ASSESSMENT

Ms. Ann Bittman presented the 12-month budget plan. It includes assessing Executive Committee members to fund the first year of the program (October 2017-September 2018) as well as requesting voluntary contributions from all other members. All member participants on the conference call agreed to the proposed budget for year one.

- McKesson/Cardinal/AmerisourceBergen – $1,161,667 each
- HD Smith/Morris & Dickson – $150,000 each
- Value Drug/Dakota Drug – $50,000 each

HDA POLICY SOLUTIONS – POTENTIAL REVISIONS

Mr. Patrick Kelly described the development of the HDA Opioid Policy Solutions document and the need to file it with the Christie Commission several weeks ago. The Public Policy Council is now considering revisions to this organic document.

Mr. Kelly identified the National Patient Safety System as a means to utilize data to identify at-risk patients. Mr. John Hammergren (McKesson Corporation) had previously urged inclusion of this potential solution in the next edition and noted that its adoption could have immediate impact. Mr. Hammergren noted that he is now comfortable if this language is not included in HDA's policy solutions document

AmerisourceBergen has issued a corporate statement which includes several items not in the HDA Opioid Policy Solutions, including regulatory and industry data transparency. There was general agreement that the ABC statement was helpful. With respect to the availability of ARCOS data to distributors, HDA counsel will look into DEA's concerns that there are legal problems with sharing the data even in a de-identified manner.

TRACELINK LITIGATION

President John Gray reported that TraceLink has sued HDA regarding the Origin database. A complaint has been filed in the Eastern District of Virginia alleging antitrust violations. HDA has hired outside antitrust litigation counsel familiar with the Eastern District of Virginia. A meeting with plaintiff's counsel has been held with the goal of resolving TraceLink's concerns without the need for litigation. A quick resolution appears unlikely.

There being no further business, the meeting was adjourned.

Prepared by:

Richard L. Frank, Counsel
Dated: December 4, 2017

Approved by:

Ann W. Bittman, HDA Secretary
Dated: December 4, 2017

RLF:jdc

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Richard L. Frank, Counsel
Dated: December 4, 2017

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Ann W. Bittman, HDA Secretary
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